

Please note: These transcripts are not individually reviewed and approved for accuracy.

BEFORE THE
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD MARKET
DEVELOPMENT COMMITTEE

IN THE MATTER OF THE:)
)
MARKET DEVELOPMENT)
COMMITTEE MEETING)
_____)

DATE AND TIME: THURSDAY, APRIL 17, 1997
 9:30 A.M.

PLACE: BOARD HEARING ROOM
 8800 CAL CENTER DRIVE
 SACRAMENTO, CALIFORNIA

REPORTER: BETH C. DRAIN, RPR, CSR
 CERTIFICATE NO. 7152

BRS FILE NO.: 38902

APPEARANCES MR. PAUL RELIS,
CHAIRMAN MR. WESLEY CHESBRO, MEMBER
MR. DANIEL G. PENNINGTON, MEMBER

STAFF PRESENT

MR. RALPH CHANDLER, CHIEF EXECUTIVE OFFICER MS.

DEBORAH BORZELLERI, LEGAL COUNSEL COMMITTEE

SECRETARY

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1 SACRAMENTO, CALIFORNIA; THURSDAY, APRIL 17, 1997

2 9:30 A.M.

3

4 CHAIRMAN RELIS: CALL TO ORDER THE MARKET

5 DEVELOPMENT COMMITTEE. WENDY, WOULD YOU PLEASE

6 CALL THE ROLL.

7 THE SECRETARY: MEMBER CHESBRO.

8 MEMBER CHESBRO: HERE.

9 THE SECRETARY: MEMBER PENNINGTON.

10 MEMBER PENNINGTON: HERE.

11 THE SECRETARY: CHAIRMAN RELIS.

12 CHAIRMAN RELIS: HERE.

13 WELL, GOOD MORNING, EVERYONE. WE
14 HAVE THREE ITEMS ON OUR AGENDA TODAY, AND I WOULD
15 LIKE TO NOW TURN THE MESSAGE OVER TO CAREN
16 TRGOVCICH, WHO WILL BE UPDATING US. BEFORE I DO
17 THAT, ARE THERE ANY EX PARTES MEMBERS WISH TO
18 REPORT?

19 MEMBER PENNINGTON: I DON'T BELIEVE I
20 HAVE ANY.

21 CHAIRMAN RELIS: WE'RE ALL CURRENT, SO,
22 CAREN.

23 MS. TRGOVCICH: THANK YOU, MR. CHAIRMAN,
24 AND GOOD MORNING. MY NAME IS CAREN TRGOVCICH.
25 I'M DEPUTY DIRECTOR FOR THE WASTE PREVENTION AND

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1 MARKET DEVELOPMENT DIVISION.

2 I'D LIKE TO HIGHLIGHT A FEW ITEMS
3 BEFORE WE BEGIN THIS MORNING'S AGENDA. FIRST OF
4 ALL, JUST TO LET YOU KNOW, AND I BELIEVE WE
5 UPDATED THE LOCAL PLANNING AND ASSISTANCE
6 COMMITTEE AS WELL, BUT WE'VE NEARLY COMPLETED THE
7 PLAYA VISTA TECHNICAL MANUAL. THE DRAFT HAS BEEN
8 AVAILABLE AND HAS BEEN UNDER REVIEW BY LOS ANGELES
9 FOR A PERIOD OF TIME.

10 I BELIEVE THAT WHAT THEY'RE WAITING
11 FOR IS WHAT WE ARE WAITING FOR IS WHAT ARE THE
12 NEXT STEPS FOR THE PLAYA VISTA PROJECT. WHAT HAS
13 BEEN VERY GOOD IS THAT WE HAVE TAKEN THE APPROACH
14 WITH THIS MANUAL THAT IT BE A GENERIC MANUAL SO
15 THAT IT CAN BE USED BY ANY FUTURE PROJECT, AND THE
16 INFORMATION WOULD BE ACCESSIBLE, WOULD BE
17 INFORMATIVE AND USEFUL. SO WHILE WE MAY BE ON
18 HOLD AS FAR AS PLAYA VISTA IS CONCERNED, WE CAN
19 CERTAINLY DISTRIBUTE AND USE IT IN OTHER VENUES.

20 IN THE ARENA OF COMPOST QUALITY, AS
21 I'M SURE THE MEMBERS HERE ARE AWARE, SONOMA
22 COMPOST WAS THE FIRST COMPOST OPERATION IN
23 CALIFORNIA TO BE AWARDED THE CALIFORNIA COMPOST
24 QUALITY COUNCIL'S CERTIFICATE OF REGISTRATION. AS
25 YOU ARE AWARE, THIS IS A VOLUNTARY REGISTRATION

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1 PROGRAM THROUGH WHICH COMPOST PRODUCERS CAN ASSURE
2 CONSUMERS THAT QUALITY AND CONSISTENCY HAVE BEEN
3 INDEPENDENTLY VERIFIED.

4 I THINK THAT IS CERTAINLY A
5 MILESTONE IN THE PROCESS, AND ONE THAT WE NOW NEED
6 TO PROVIDE GREATER FOCUS WITH THAT ORGANIZATION TO
7 DETERMINE WHAT ARE THE NEXT STEPS TO MAKE SURE
8 THAT WE CONTINUE DOWN A PATH THAT WAS SET OUT BY
9 THE CCQC TO BEGIN WITH.

10 UNDER THE SAME TOPIC OF COMPOST, AS
11 YOU ARE AWARE, BECAUSE IT CAME OUT ON E-MAIL
12 YESTERDAY, THE FINAL REPORTS OF THE FIVE AG
13 COMPOST DEMONSTRATION PROJECTS WERE SUBMITTED.
14 THESE ARE FINAL REPORTS THAT WERE SUBMITTED IN
15 ACCORDANCE WITH THE ACTUAL CONTRACTS THAT WE HAD
16 AS RELATES TO THE DEMO PROJECTS.

17 PAT PASWATER WILL NOW BE TAKING
18 THOSE FIVE PROJECT SUMMARIES OR FINAL REPORTS,
19 ANALYZING THEM, AND PRESENTING KEY ISSUES AND
20 CONCLUSIONS. SO HE'S GOING TO LOOK AT ALL FIVE,
21 THE DIFFERENCES BETWEEN THE FIVE, WHAT MAY HAVE
22 COME UP THAT WAS UNIQUE TO ONE, BUT MAY NOT HAVE
23 OCCURRED IN OTHERS, AND HE WILL BRING ALL THAT
24 INFORMATION TOGETHER. AND THAT ITEM WILL BE
25 PRESENTED FOR YOUR CONSIDERATION IN JUNE.

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1 LAST MONTH CALED HELD A CONFERENCE
2 IN THE, I BELIEVE, CENTRAL REGION OF THE STATE.
3 THE MAJORITY OF OUR LOAN OFFICERS AND SOME OF OUR
4 LOAN SECTION STAFF ATTENDED THAT CONFERENCE. AND
5 I WOULD LIKE TO REPORT THAT AT THE CONFERENCE WE
6 RECEIVED THE CALED AWARD OF MERIT, AND A VERY
7 BEAUTIFUL ONE IT IS. THE AWARD OF MERIT IS IN THE
8 ARENA OF ECONOMIC DEVELOPMENT FOR THE BOARD'S LOAN
9 SALE. AND WE WILL BE MAKING THIS AVAILABLE TO BE
10 PLACED WITH THE OTHER AWARDS THAT THE BOARD HAS
11 RECEIVED AS WELL, HOPEFULLY IN THE OUTSIDE AREA TO
12 THIS ROOM. SO WE WERE VERY HAPPY TO RECEIVE THIS.

13 CHAIRMAN RELIS: IS THERE ONLY ONE OF
14 THOSE?

15 MS. TRGOVCICH: THERE'S ONLY ONE, AND
16 IT'S SUCH A GREAT AWARD, BUT WHAT WE WOULD LIKE TO
17 DO AS WELL IS IF IT WOULD BE USEFUL, WE COULD MAKE
18 IT AVAILABLE TO YOUR OFFICES FOR ANY EVENTS THAT
19 YOU MAY BE PARTICIPATING IN IN THE NEAR FUTURE.
20 AS ALWAYS, IT WILL BE AVAILABLE FOR USE OUT IN THE
21 BACK AREA.

22 JUST TO REPORT A SUCCESS STORY FOR
23 ONE OF OUR LOANS. AS YOU ARE AWARE, THE BOARD
24 MADE A LOAN BACK IN 1995 TO A COMPANY CALLED HIGH
25 LIFE PRODUCTS. HIGH LIFE -- THE ACTUAL COMPANY

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1 WAS PURCHASED BY -- RECENTLY BY A FORTUNE 500
2 COMPANY, AND THAT COMPANY SEEKS TO REPLICATE HIGH
3 LIFE'S PROCESS OF MAKING CARPET UNDER PADDING FROM
4 USED POLYURETHANE BY BUILDING A SERIES OF PLANTS
5 THROUGHOUT THE UNITED STATES.

6 SO HERE WE SEE WHERE A MILLION-
7 DOLLAR LOAN REALLY BECAME THE IMPETUS OR THE
8 CATALYST FOR THE EXPANSION OF ADDITIONAL MARKETS
9 IN THIS AREA. SO THIS IS A GREAT SUCCESS STORY.
10 IT IS ONE OF THE LOANS THAT WAS SOLD IN THE LOAN
11 SALE, BUT WE ARE STILL TRACKING IT AS FAR AS THAT
12 IS CONCERNED.

13 ON APRIL 3D WE SENT TO ALL ZONE
14 ADMINISTRATORS REGISTRATION FORMS FOR THE UPCOMING
15 BOARD SPONSORED ZONE ADMINISTRATOR TRAINING. AS
16 YOU ARE AWARE, WE SENT OUT SURVEYS TO THE ZONE
17 ADMINISTRATORS SEVERAL MONTHS AGO TO GET INPUT
18 FROM THEM ON WHAT TYPES OF TRAINING ARE YOU MOST
19 INTERESTED IN. WHAT WOULD HELP YOU OUT THE MOST.

20 THIS TRAINING IS BEING CONDUCTED
21 THROUGH A CONTRACT THAT WE HAVE WITH CSUS, WITH
22 SAC STATE, AND THEY WILL BE PROVIDING MANY OF
23 THE INSTRUCTORS, AND THE TRAINING WILL BE HELD IN
24 DIFFERENT REGIONAL LOCATIONS THROUGHOUT THE
STATE,

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25 SO WE'RE NOT MAKING EVERYONE TRAVEL TO
SACRAMENTO

1 FOR THIS ONE.

2 THE TRAINING WILL BEGIN EARLY NEXT
3 MONTH, AND WE'LL PROVIDE A CERTIFICATE IN
4 MARKETING AND ECONOMIC DEVELOPMENT FOR THE RMDZ
5 ADMINISTRATORS UPON COMPLETION. SO IT IS ALSO A
6 CAREER COURSE AS WELL THAT MANY OF THE ADMINI-
7 STRATORS HOPEFULLY CAN USE.

8 JUST TO PROVIDE YOU, AS I DO EACH
9 MONTH, AT THE CONCLUSION OF MY REPORT WITH A
10 SUMMARY OF LOAN FUNDING STATUS TO DATE, CURRENTLY
11 FOR THE SECOND QUARTER WE RECEIVED NINE
12 APPLICATIONS INTO THE LOAN PROGRAM, TOTALING \$6.5
13 MILLION. THAT IS DEFINITELY A RISE. WE HAVE SOME
14 VERY GOOD APPLICATIONS IN THE MIX, SOME
15 APPLICATIONS THAT MAY NEED ADDITIONAL WORK, THAT
16 SOME OF THE APPLICANTS INDICATED THEY MAY BE
17 MOVING THEM INTO NEXT QUARTER, POSSIBLY, POSSIBLY
18 NOT, BUT WE'RE LOOKING TO HAVE A FULL AGENDA OF
19 LOANS FOR OUR LOAN COMMITTEE WHEN THEY MEET IN
20 JUNE. AND I BELIEVE THE SCHEDULED DATE FOR THAT
21 MEETING IS JUNE 9TH.

22 AND FINALLY, JUST TO SUMMARIZE, AS
23 OF MARCH 31ST, 54 LOANS HAVE BEEN CLOSED IN THE
24 AMOUNT OF \$21.5 MILLION, AN ADDITIONAL SIX ACTIVE
25 LOAN APPLICATIONS, INCLUDING ONE FUNDED WITH TIRE

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1 FUNDS IN THE AMOUNT OF \$3.3 MILLION, HAVE BEEN
2 APPROVED BUT NOT YET CLOSED.

3 AND THAT CONCLUDES MY REPORT FOR THE
4 MONTH.

5 CHAIRMAN RELIS: JUST A FEW COMMENTS.
6 FIRST, THAT'S A NICE, POSITIVE REPORT. IT'S GOOD
7 TO HEAR THE PROGRESS IN A NUMBER OF FRONTS AND
8 ESPECIALLY THE NUMBER OF LOANS THAT APPEAR TO BE
9 COMING INTO THE PIPELINE NOW. I KNOW THAT'S TAKEN
10 A GREAT DEAL OF WORK BY STAFF, AND I WANT TO
11 ACKNOWLEDGE THAT.

12 MS. TRGOVCICH: I'D LIKE TO JUST SAY ON
13 THAT NOTE TOO, AS YOU AWARE, WE ARE DOWN TWO LOAN
14 OFFICERS IN THE PROGRAM. WE HAVE AN INTERNAL
15 ADVERTISEMENT THAT IS ABOUT TO GO OUT. AND
16 DEPENDING UPON RECRUITMENT EFFORTS THERE, WE MAY
17 FLY THAT ADVERTISEMENT EXTERNALLY. BUT FOR THE
18 REDUCED NUMBER OF LOAN OFFICERS THAT WE HAVE IN
19 THE PROGRAM RIGHT NOW, THAT IS A PHENOMENAL NUMBER
20 OF APPLICATIONS THAT HAVE COME IN. AND IT JUST
21 REALLY SHOWS HOW HARD THEY'RE WORKING OUT THERE TO
22 REALLY GET THE BUSINESS IN THE DOOR.

23 AND I KNOW MYSELF WE'VE JUST BROUGHT
24 ON A NUMBER OF NEW STUDENTS TO ASSIST IN MAKING
25 THE CALLS, AND THEY'RE ALL BEING TRAINED RIGHT NOW

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1 MAKING CALLS. I WALKED THROUGH THE OTHER SIDE OF
2 THE BUILDING, AND I'VE ALWAYS GOT CHUCK OR SOMEONE
3 COMING UP TO ME SAYING, CUT A NEW ONE. POTENTIAL
4 \$500,000 LOAN HERE. SO THEY'RE REALLY PSYCHED ON
5 THIS, AND I THINK WE'RE GOING TO SEE A LOT OF GOOD
6 THINGS COMING FROM BOTH THE STUDENTS, AS WELL AS
7 WHEN WE GET OUR TWO ADDITIONAL LOAN OFFICERS IN,
8 YOU'RE EVEN GOING TO SEE A GREATER INCREASE.

9 CHAIRMAN RELIS: ON THE -- COUPLE OF
10 THE -- THE PLAYA VISTA, IT'S GOOD TO HEAR THAT
11 THAT DOCUMENT -- I MEAN I REALIZE IT WAS NOT
12 PREPARED EXCLUSIVELY AND SHOULDN'T HAVE BEEN FOR
13 THAT PARTICULAR PROJECT, BUT I RUN ACROSS PEOPLE
14 ALL THE TIME THAT -- TO WHOM THAT DOCUMENT IS
15 GOING TO BE VERY USEFUL FOR LARGE AND NOT SO LARGE
16 CONSTRUCTION PROJECTS. SO I THINK THE MARKETING
17 OF THAT PIECE OF WORK BECOMES VERY IMPORTANT TO
18 OUR RECYCLED-CONTENT PROCUREMENT IN THE
19 CONSTRUCTION SECTOR.

20 ON THE CCQC, I HAD THE PRIVILEGE OF
21 BEING THERE FOR THE PRESS CONFERENCE IN SONOMA AND
22 HAD A CHANCE TO TALK TO PARTICIPANTS THERE. AND
23 THAT'S A SIGNIFICANT COMPOST OPERATION, QUITE
24 LARGE. AND I'M TOLD THAT FROM CCQC PARTIES THAT
25 THEY HAVE PERHAPS UP TO SEVEN OR EIGHT OTHER

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1 PARTIES, COMPANIES, WHO WILL BE COMING INTO THE --
2 IT'S NOT STANDARDIZATION. IT'S LIKE A QUALITY
3 ASSURANCE PROGRAM RATHER THAN A STRICT
4 CERTIFICATION. BUT THAT'S VERY ENCOURAGING.

5 ON THE FIVE DEMOS, THE AGRICULTURAL
6 DEMONSTRATION PROJECTS, I KNOW I'M EAGER TO SEE
7 THE SUMMATION OF THAT WORK. WE'VE INVESTED IN THE
8 STATE, TOGETHER WITH PRIVATE PARTIES HAVE INVESTED
9 OVER A MILLION DOLLARS IN THAT MULTIYEAR PROGRAM.
10 AND IT IS CERTAINLY ONE OF THE MOST SIGNIFICANT
11 DEMOS IN THE COUNTRY, AND WE NEED TO NOW MAKE
12 SENSE OF WHAT WAS LEARNED THERE.

13 IT WAS NOT STRICTLY A SCIENTIFIC
14 STUDY; THAT IS, LONG-TERM TRIALS, BUT UTILIZATION
15 OF THE MATERIAL. AND I HOPE THAT OUR REPORT, OUR
16 FINAL REPORT, WILL MAKE THAT DISTINCTION BECAUSE,
17 FOR THOSE WHO WOULD BE LOOKING TO IT AS BEING A
18 DEFINITIVE SCIENTIFIC WORK, IT WON'T BE THAT. IT
19 IS A DEMONSTRATION PROJECT.

20 MS. TRGOVCICH: THAT'S VERY CORRECT. AND
21 MAYBE TO MAKE SURE THAT WE GET THE RIGHT
22 INFORMATION OUT THERE AND MAKE THE JUNE ITEM AS
23 WORTHWHILE AS POSSIBLE, WE COULD MEET IN THE
24 INTERIM WITH YOUR OFFICES TO DETERMINE WHAT ARE
25 THE QUESTIONS THAT YOU WOULD HOPE TO SEE ANSWERED

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1 FROM THIS SUMMARY REPORT. WE MAY BE ABLE TO
2 RESPOND TO ALL OF THEM OR JUST SOME OF THEM, SO AT
3 LEAST WE CAN KNOW WHAT YOUR EXPECTATIONS ARE
4 AROUND THAT.

5 CHAIRMAN RELIS: I WOULD INVITE THE OTHER
6 COMMITTEE MEMBERS HERE TO CERTAINLY GET IN ON THAT
7 PROCESS EARLY AS WELL BECAUSE OFTEN STUDIES LIKE
8 THIS GET MISINTERPRETED. EITHER YOU WANT TO READ
9 TOO MUCH INTO IT, THAT WHY HASN'T ALL THE SCIENCE
10 BEEN DONE. THAT WOULD BE A COMPLETELY DIFFERENT
11 TYPE OF EFFORT THAN THE ONE WE LAUNCHED.

12 SO WITH THAT, IF THERE -- ARE THERE
13 ANY OTHER QUESTIONS OR COMMENTS? THEN WHY DON'T
14 WE MOVE INTO THE AGENDA THAT HAS TO DO MOSTLY WITH
15 TECHNICAL CONSIDERATIONS RELATED TO THE OPERATION
16 OF OUR LOAN PROGRAM.

17 MS. TRGOVCICH: THANK YOU, MR. CHAIRMAN.
18 WITH THAT, WE'LL BEGIN WITH ITEM NO. 2, WHICH IS
19 CONSIDERATION OF ADOPTION OF PROPOSED REGULATIONS
20 FOR THE RECYCLING MARKET DEVELOPMENT REVOLVING
21 LOAN PROGRAM. CALVIN YOUNG WILL BE PRESENTING
22 THIS ITEM, BUT I'D LIKE TO PROVIDE A BRIEF
23 BACKDROP TO IT.

24 THE ITEM ITSELF, AS YOU ARE AWARE,
25 IS THE OUTCOME OF DISCUSSIONS THAT WERE HELD

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1 BEFORE THE COMMITTEE LATE LAST FALL AROUND CHANGES
2 THAT NEEDED TO OCCUR TO THE PROCESSING OF THE LOAN
3 APPLICATIONS IN ORDER TO EXPEDITE THE PROCESS, TO
4 FACILITATE A MORE TIMELY REVIEW AND APPROVAL BY
5 THE BOARD'S LOAN COMMITTEE AND THE BOARD ITSELF.
6 AND SO WHAT WE DID AT THAT TIME WAS PROPOSE
7 SEVERAL CHANGES, AND CALVIN WILL BE SUMMARIZING
8 THOSE FOR YOU.

9 THOSE CHANGES BECAME THE BASIS OF A
10 45-DAY PUBLIC COMMENT PERIOD, WHICH CONCLUDED ON
11 MONDAY. WE ACKNOWLEDGED AT LAST MONTH'S MARKET
12 DEVELOPMENT COMMITTEE MEETING AND WE MADE A PLEA
13 AT THE ZONE ADMINISTRATORS CONFERENCE LAST MONTH
14 THAT THIS REGULATORY PACKAGE SHOULD SERVE AS THE
15 JUMPING OFF POINT TO PROVIDE COMMENTS ON HOW THOSE
16 REGULATIONS COULD POTENTIALLY BE REVISED TO AN
17 EVEN GREATER EXTENT TO SERVE THE NEEDS OF THE ZONE
18 ADMINISTRATORS, THE APPLICANTS, THE BOARD, ETC.

19 AS OF FRIDAY, WE HAD RECEIVED ONE
20 SET OF COMMENTS ASIDE FROM THE INTERNAL
COMMENTS

21 THAT WE HAD BEEN RESPONDING TO OR BEEN MAKING
22 CHANGES TO THE DRAFT REGULATIONS TO. AS OF
23 MONDAY, WE HAD FOUR ADDITIONAL SETS OF
COMMENTS.

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24 EACH ONE OF THOSE SETS HAD MULTIPLE COMMENTS
25 CONTAINED WITHIN THEM. SO I WOULD LIKE TO JUST

1 RIGHT NOW ACKNOWLEDGE CALVIN YOUNG THAT FOR THE
2 LAST TWO DAYS HAS GOTTEN VERY LITTLE SLEEP, WHO
3 HAS WORKED EXTREMELY HARD TO PULL ALL OF THOSE
4 COMMENTS OUT TO PUT THEM INTO A SINGLE DOCUMENT,
5 TO PROVIDE RESPONSES IN A FORMAT THAT WE GENERALLY
6 ONLY DO WHEN WE ACTUALLY SEND THE PACKAGE TO OAL
7 IN THE FORM OF THE RESPONSE TO COMMENTS. BUT WE
8 FELT THAT SINCE THE COMMENTS, MANY OF THEM WERE
9 VERY TECHNICAL, SOMEWHAT DETAILED, THAT IT WOULD
10 FACILITATE OUR DISCUSSION HERE TO HAVE THAT KIND
11 OF SUMMARY OF COMMENT AND RESPONSE TO THE COMMENT
12 IN A DOCUMENT BEFORE YOU FOR YOUR CONSIDERATION.

13 SO ON THE DAIS WHAT HAS BEEN LAID
14 OUT ON THE DAIS FOR YOU IS BOTH THE DOCUMENT THAT
15 CALVIN FINISHED VERY LATE LAST NIGHT, IF NOT EARLY
16 THIS MORNING, AND THAT IS THE REGULATIONS AS THEY
17 WERE NOTICED DURING THE 45-DAY PUBLIC COMMENT
18 PERIOD WITH PROPOSED CHANGES BASED UPON COMMENTS
19 RECEIVED UP UNTIL CLOSE OF BUSINESS MONDAY.

20 AND IF YOU WILL NOTE FROM THE
21 DOCUMENT THAT'S SITTING THERE, THE ITALICS AND
22 REDLINE INDICATE NEW WORDING FOR THE PROPOSED
23 15-DAY COMMENT PERIOD, AND THE REDLINE STRIKEOUT
24 INDICATES DELETION OF WORDING FOR THE 45-DAY
25 COMMENT PERIOD. AND THE STRIKEOUT AND REDLINE

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1 INDICATES DELETION OF WORDING FOR THE PROPOSED
2 SUBSEQUENT 15-DAY COMMENT PERIOD.

3 I'D LIKE TO CLARIFY THAT WHILE THE
4 TITLE SAYS CONSIDERATION OF ADOPTION, BECAUSE WE
5 ARE PROPOSING CHANGES HERE TODAY, WE ARE
6 ACKNOWLEDGING THAT WE ARE NOT SEEKING A MOTION
7 FROM THE COMMITTEE TO ADOPT THESE REGULATIONS.
8 THE STAFF RECOMMENDATION WILL BE TO RETURN TO A
9 SUBSEQUENT 15-DAY COMMENT PERIOD TO NOTICE
10 ADDITIONAL CHANGES.

11 AS CALVIN IS COMING FORWARD TO THE
12 TABLE, WHAT HE WILL BE DOING FOR YOU IS WALKING
13 THROUGH BOTH THAT COMMENT CONTAINING THE
14 REGULATORY TEXT ITSELF AS WELL AS THE SUMMARY OF
15 COMMENTS RECEIVED AND PROPOSED RESPONSES, WHICH
16 WAS THE SECOND DOCUMENT THAT I INDICATED AND OF
17 WHICH COPIES ARE AVAILABLE ON THE BACK TABLE. HE
18 WILL BE WALKING THROUGH THAT. WE ARE NOT GOING TO
19 GO THROUGH EACH AND EVERY ITEM LISTED. WE ARE
20 CERTAINLY AVAILABLE TO ANSWER ANY QUESTIONS THAT
21 YOU MAY HAVE, BUT WE WILL BE HIGHLIGHTING THOSE
22 ITEMS WHERE WE WOULD LIKE ADDITIONAL DIRECTION
23 FROM THE COMMITTEE OR WE WANT TO MAKE YOU AWARE
24 OF
THE SIGNIFICANT NATURE OF THE COMMENT BEING

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25 PRESENTED.

1 CHAIRMAN RELIS: BEFORE WE PROCEED ANY
2 FURTHER, LET'S MAKE SURE WE'RE ALL OPERATING OFF
3 THE SAME DOCUMENT. I HAVE -- THERE'S OUR AGENDA
4 ITEM. THAT ONE HAS BEEN REVISED.

5 MS. TRGOVCICH: BASED UPON THE COMMENTS
6 RECEIVED.

7 CHAIRMAN RELIS: WE'VE RECEIVED A --
8 LET'S SEE. DOES EVERYONE HAVE THE REVISED?

9 MS. TRGOVCICH: I BELIEVE THAT THERE
10 WAS -- EACH ONE OF THOSE DOCUMENTS WAS LAID OUT ON
11 THE DAIS FOR EACH OF THE MEMBERS ALONG WITH THREE
12 PIECES OF SCRATCH PAPER.

13 CHAIRMAN RELIS: IT'S GETTING VERY SHORT.

14 MS. TRGOVCICH: SO YOU CAN WRITE YOUR OWN
15 REGULATION IF YOU WANT TO AS WE GO THROUGH THE
16 PROCESS.

17 CHAIRMAN RELIS: NOTE THAT THIS IS
18 ALREADY USED.

19 MS. TRGOVCICH: THE VERY DARK BLACK ONE.

20 I APOLOGIZE THAT THERE'S NO DATES ON
21 THESE DOCUMENTS. WE WILL DATE SUBSEQUENT
22 DOCUMENTS. THERE WAS JUST -- WE WEREN'T THINKING
23 ABOUT DATES WHEN WE WERE FINALIZING THIS LATE LAST
24 NIGHT. I THINK CALVIN WAS JUST THINKING ABOUT
25 SLEEP AT THAT POINT. SO WITH THAT, I'M GOING TO

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1 TURN IT OVER TO CALVIN.

2 MR. YOUNG: THANK YOU. FOR THE RECORD,
3 I'M CALVIN YOUNG WITH THE BOARD'S RECYCLING
4 BUSINESS ASSISTANCE BRANCH. AND, YES, THANK
5 GOODNESS, WE HAVE A COFFEE POT IN THE SECTION.
6 ANYWAY.

7 I WANT TO -- CAREN DID A VERY GOOD
8 JOB OF BASICALLY COVERING A LOT OF THE BACKGROUND.
9 I JUST WANT TO COVER JUST A COUPLE OTHER POINTS
10 AND THEN GET INTO THE COMMENTS RECEIVED IF I MAY.

11 FOR THE RECORD, WE BASICALLY WENT
12 OUT FOR NOTICE WITH PROPOSED REG CHANGES. IT WAS
13 NOTICED ON FEBRUARY 28TH. WE SENT OUT A LITTLE
14 OVER 800 NOTICES AS WELL AS A NEW FORM THAT THE
15 REGS UNIT WAS USING, WHICH IS AN ORDER FORM FOR
16 PROPOSED REGULATIONS, WHICH ENABLED US TO REDUCE
17 PRINTING AND POSTAGE AND JUST SEND IT OUT TO THE
18 800 PEOPLE; AND IF THEY WERE INTERESTED IN MORE
19 INFORMATION, THEY WOULD RESPOND BACK.

20 WE RECEIVED NEARLY 60 REQUESTS FOR
21 ADDITIONAL INFORMATION, WHICH RESULTED IN THE FOUR
22 PUBLIC COMMENTS THAT WE RECEIVED. THE MAJOR ITEMS
23 THAT WERE GOING FORWARD IN THE ORIGINAL PACKAGE
24 THAT WENT OUT FOR THE ORIGINAL 45-DAY PERIOD,
25 AMONG OTHER THINGS, THE BIGGEST THING WAS

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1 RESPONDING TO A LOT OF DESIRE EXPRESSED BY ZONE
2 ADMINISTRATORS THROUGHOUT THE STATE AS WELL AS
3 STAFF AND THE BOARD TO SWITCH TO AN ONGOING
4 PROCESS OF LOAN APPLICATIONS. THAT'S PROBABLY ONE
5 OF THE BIGGEST THINGS THAT WE COULD DO AND THAT
6 WE'RE NOW GOING FORWARD WITH.

7 ADDITIONALLY, INCREASING THE NUMBER
8 OF LOAN COMMITTEE MEMBERS FROM THE CURRENT NUMBER
9 OF SEVEN TO 12, CLARIFYING THAT THE 3-PERCENT LOAN
10 FEE IS DUE UPON CLOSING. THERE WAS A BIT OF
11 CONCERN EXPRESSED ON ZONE ADMINISTRATORS THAT IF
12 WE COLLECTED IT AT COMMITMENT TIME, IT COULD BE
13 ONEROUS ON THE APPLICANTS, SO WE MADE THE
14 CLARIFICATION THAT IT'S DUE UPON CLOSING.

15 AND ANOTHER MAJOR ELEMENT IS THE
16 SPECIFIC INCLUSION OF SOURCE REDUCTION AS AN
17 ELIGIBLE ACTIVITY FOR LENDING. THIS HAS
GENERATED

18 A SIGNIFICANT AMOUNT OF INTEREST AND, WITH RARE
19 EXCEPTION, WIDESPREAD SUPPORT AMONG THE ZONE
20 ADMINISTRATORS AND OTHER INTERESTED PARTIES.

21 THE 45-DAY PUBLIC COMMENT PERIOD,
AS

22 CAREN MENTIONED, CLOSED ON MONDAY THE 14TH. CEQA
23 WAS COMPLIED WITH BY THE FILING OF A NOTICE OF
24 EXEMPTION ON MARCH 21ST.

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25

THE EASIEST WAY PROBABLY TO GO

1 THROUGH THIS IS TO JUST THINK THE ONLY THING
2 THAT'S CHANGING ARE ALL REDLINED. IT'S EITHER
3 ADDING WITH ITALICS; IF THERE'S CROSSOUTS THROUGH
4 IT, THEY'RE BEING DELETED.

5 THE COMMENTS THAT I WANT TO DRAW
6 YOUR ATTENTION TO, AND LET ME ASK FOR DIRECTION,
7 DO WE WANT TO DISCUSS THE COMMENTS AS WE COME TO
8 THEM OR SAVE THEM TILL THE END? WHAT IS THE
9 COMMITTEE'S PLEASURE?

10 MS. TRGOVCICH: WHAT CALVIN -- WHAT WE'D
11 LIKE TO KNOW IS WOULD YOU LIKE, AS WE SUMMARIZE
12 EACH CHANGE, WOULD YOU LIKE TO PROVIDE COMMENTS AT
13 THAT POINT?

14 CHAIRMAN RELIS: ANY THOUGHTS?

15 MS. TRGOVCICH: I THINK THERE'S A WIDE
16 RANGE OF TOPICS HERE.

17 CHAIRMAN RELIS: SO WE'LL TAKE UP THE
18 COMMENTS AS WE TAKE UP THE SUBJECT.

19 MS. TRGOVCICH: CORRECT.

20 MR. YOUNG: OVERALL THERE'S 40 COMMENTS,
21 BUT THERE'S ONLY ABOUT A BIG HANDFUL THAT -- OR
22 CLOSE TO EIGHT TO TEN THAT WE'RE REALLY CONCERNED
23 WITH AND REALLY WANT TO BRING TO YOUR ATTENTION.

24 ON PAGE 2, COMMENT NO. 5 REGARDING
25 ONEROUS DEBT, THIS HAS BEEN AN ISSUE THAT'S BEEN

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BROUGHT UP BY STAFF AS WELL AS INFORMALLY OTHER
ZONE ADMINISTRATORS, BUT PRIMARILY AMONG STAFF, IN
THE QUESTION OF WHETHER THE BOARD SHOULD BE
FINANCING OR REFINANCING ONEROUS DEBT.

HISTORICALLY WE ONLY HAD A VERY FEW PROJECTS, LESS THAN FIVE, THAT HAVE INVOLVED THE REFINANCE OF ONEROUS DEBT. ONE OF THEM RIGHT NOW IS HAVING DIFFICULTIES, AND ONEROUS DEBT IS OFTENTIMES ASSOCIATED WITH THE COMPANY HAVING DIFFICULTIES TO BEGIN WITH. IT'S USUALLY NOT A CASE OF, OH, GEE, I'M GOING FROM 14 PERCENT DOWN TO 6 PERCENT OR SOMETHING OF THAT NATURE. THE REASON WHY THEY WERE BEING CHARGED 14 PERCENT IN THE FIRST PLACE WAS BECAUSE THEY USUALLY REPRESENTED A HIGHER CREDIT RISK.

SO THIS IS ONE OF THE ITEMS THAT WE WOULD APPRECIATE DIRECTION FROM THE COMMITTEE PERHAPS IN THE CONTEXT OF THE ELIGIBILITY AND LENDING PROCESS ITEM COMING UP SCHEDULED FOR NEXT MONTH. THAT WE LIKE SOME DIRECTION FROM THE COMMITTEE OR BOARD ON WHETHER TO CONTINUE WITH REFINANCE OF ONEROUS DEBT, WHETHER TO REFINES HOW IT'S USED, IN WHAT CIRCUMSTANCES, OR ELIMINATION OF IT.

CHAIRMAN RELIS: NOW, ARE YOU SEEKING

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1 THAT TODAY, OR IS THAT GOING TO BE CALENDARED AS A
2 SUBSEQUENT?

3 MR. YOUNG: WE CAN TREAT IT ONE OF TWO
4 WAYS. WE CAN LEAVE IT IN REGULATIONS, AND THIS IS
5 PROBABLY THE PREFERRED ROUTE, TO LEAVE IT IN
6 REGULATIONS, BUT DEAL WITH IT AS AN ELIGIBILITY
7 ISSUE AND A PRIORITY ISSUE WHEN THE -- THAT ITEM
8 COMES BEFORE THE COMMITTEE AND BOARD. THAT WAY,
9 WHILE IT'S IN REGS AND ALLOWED, IT CAN STILL BE
10 REFINED BY POLICY DECISION.

11 MS. TRGOVCICH: IT MAY BE THAT WHEN YOU
12 CONSIDER THE MAY ITEM NEXT MONTH, WHEN WE BRING
13 FORWARD THE LOAN OBJECTIVES AND LENDING
14 PROCEDURES, THAT YOU MAY WISH AT THAT TIME AS A
15 BOARD POLICY TO SAY FOR THE NEXT YEAR WE ARE NOT
16 GOING TO CONSIDER REFINANCING OF ONEROUS DEBT OR
17 WE WILL OR, YOU KNOW, WE WANT TO SEE THIS ON A
18 CASE BY CASE OR WHATEVER. BUT IT CAN BE DONE ONE
19 OF TWO WAYS.

20 LEAVING IT IN THE REGULATIONS
21 PROVIDES THE FLEXIBILITY TO CONSIDER IT. IT MAY
22 SEND -- IT POTENTIALLY MAY SEND THE WRONG MESSAGE,
23 THAT THAT IS WHAT THE PROGRAM IS AVAILABLE FOR
24 WHEN WE KNOW WE'VE HEARD FROM YOUR OFFICES
THAT
25 YOU'RE CONCERNED ABOUT THE USE OF THE PROGRAM

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FOR

1 THAT PURPOSE.

2 CHAIRMAN RELIS: JUST TO FURTHER THIS
3 POINT NOW, WHAT'S OUR EXPERIENCE FROM THE FIVE
4 USES OR THE ACTUAL RESTRUCTURING OF ONEROUS DEBT
5 THAT WE HAVE TAKEN ON IN LOAN?

6 MR. YOUNG: AND ACTUALLY IT'S NOT EVEN AS
7 MANY AS FIVE. I THINK IT'S REALLY ONLY LIKE TWO
8 OR THREE. I DON'T HAVE THOSE NUMBERS READILY
9 AVAILABLE, BUT COULD PROVIDE THEM TO YOU OR YOUR
10 ANALYSTS.

11 CHAIRMAN RELIS: I THINK WE'RE VERY -- I,
12 FOR ONE, AM VERY INTERESTED IN WHAT STAFF'S
13 THOUGHTS ARE ON WHAT THIS HAS ACCOMPLISHED OR
14 FAILED TO ACCOMPLISH VIS-A-VIS EITHER THE
15 PERFORMANCE OF LOAN, THE WISDOM OF MAKING THE LOAN
16 IN THE FIRST PLACE.

17 MR. YOUNG: AND THAT VERY WELL COULD BE
18 ADDRESSED IN THE ELIGIBILITY ITEM NEXT MONTH AND A
19 DISCUSSION OF IT AROUND THAT TIME.

20 MEMBER PENNINGTON: I WOULD AGREE WITH
21 WHAT YOU ARE SAYING. I WOULD BE INTERESTED IN
22 WHAT THE COMMITTEE ITSELF FEELS ABOUT IT TOO. I
23 MEAN I GUESS THAT'S ONE OF THE THINGS THAT WE
24 WOULD BE LOOKING TO THE COMMITTEE TO RESOLVE IS IF
25 IT IS SO ONEROUS, THAT IT'S FOOLISH TO REFINANCE

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1 IT, I WOULD HOPE THAT THEY SAY THAT AND NOT DO IT.
2 AND IF THERE'S A POSSIBILITY OF ACHIEVING THE
3 BOARD'S GOALS AND WORKING THROUGH MAYBE SOME HARD
4 TIMES, THEY CAN SEE THAT AND WOULD GO FORWARD WITH
5 IT.

6 CHAIRMAN RELIS: BECAUSE TODAY, AT LEAST,
7 THIS MEMBER DOESN'T FEEL PREPARED TO PASS A
8 JUDGMENT ON THAT QUESTION WITH THE INFORMATION IN
9 FRONT OF US. I THINK WE'D LIKE EITHER SOME --

10 MR. YOUNG: AND THAT'S ACTUALLY STAFF'S
11 PREFERENCE. WE JUST WANTED TO RAISE IT NOW TO
12 KIND OF MORE START THE THOUGHT PROCESS ON THIS
13 PARTICULAR ISSUE, AND THAT IT WILL BE COMING
14 FORWARD AS AN ITEM FOR POLICY DECISION NEXT MONTH.

15 MS. TRGOVCICH: THE REASON YOU'RE SEEING
16 IT AT ALL IS BECAUSE IT CAME IN AS A COMMENT. SO
17 WE ARE INCLUDING IT AS A COMMENT. WE CAN
18 CERTAINLY PROVIDE YOU WITH ADDITIONAL INFORMATION.

19 CHAIRMAN RELIS: SO IF WE MOVE THIS ON,
20 WE WOULD BE KEEPING THAT OPTION IN THE REGULATIONS
21 SO IT'S THERE, A PLACEHOLDER --

22 MR. YOUNG: CORRECT.

23 CHAIRMAN RELIS: -- IF NOTHING MORE THAN
24 THAT.

25 MEMBER CHESBRO: THE OTHER ISSUE THAT

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1 OUGHT TO BE DISCUSSED THEN, NOT TODAY, AND I'M NOT
2 CASTING JUDGMENT ON IT, THAT WE OUGHT TO CONSIDER
3 IS THE QUESTION OF RETENTION OF RECYCLING CAPACITY
4 TOO. I MEAN IF A BUSINESS -- IF YOU'VE GOT A
5 MAJOR PROCESSOR OR MARKET UTILIZER OF MATERIALS
6 THAT IS IN DANGER OF GOING UNDER BECAUSE OF
7 ONEROUS DEBT THAT THE FINANCING WOULD PRESERVE,
8 I'M NOT ARGUING FOR THAT RIGHT NOW. I'M JUST
9 SAYING LET'S HAVE THAT IN THERE IN THE MIX TOO AS
10 ONE OF THE THINGS WE OUGHT TO CONSIDER.

11 MEMBER PENNINGTON: RIGHT. I AGREE WITH
12 THAT. CAN WE ACHIEVE OUR GOALS BY REFINANCING
13 ONEROUS DEBT, BUT WHAT'S THE RISK INVOLVED?

14 MR. YOUNG: SURE. VERY GOOD. AND THAT
15 WILL BE ONE OF THE MANY AREAS COMING FORWARD NEXT
16 MONTH.

17 COMMENT NO. 15 ON PAGE 5. THE
18 COMMENT THAT WE RECEIVED INTERNALLY WAS ASKING A
19 QUESTION REGARDING WHETHER A PROJECT WOULD NEED TO
20 DEMONSTRATE THAT TIRES WERE BEING DIVERTED FROM
21 THE LANDFILL. THE VERY RAISING OF THAT QUESTION
22 KIND OF PROMPTED A DISCUSSION AMONG STAFF AND OUR
23 DEPUTY DIRECTOR REGARDING WHETHER OR NOT THAT
24 WHOLE SECTION IS EVEN NECESSARY OR APPLICABLE
25 ANYMORE.

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1 CHAIRMAN RELIS: LET'S GO TO THE -- LET'S
2 SEE. THE LANGUAGE IN THE REGS.

3 MS. TRGOVCICH: ON PAGE 4 OF THE TEXT OF
4 REGULATIONS. BASICALLY WHAT THAT TEXT LAYS OUT
5 FOR YOU, IT LAYS OUT THAT WE CAN MAKE LOANS FROM
6 THE TIRE RECYCLING MANAGEMENT FUND UNDER THE RMDZ
7 PROGRAM THAT SAYS THAT THE BOARD NEEDS TO APPROVE
8 IT, THE AMOUNT OF FUNDS, WHICH WE DO THROUGH OUR
9 ALLOCATION PROCESS.

10 CHAIRMAN RELIS: WHAT LINE ARE YOU
11 READING FROM?

12 MS. TRGOVCICH: I'M JUST GOING THROUGH.
13 I'M SUMMARIZING. UNDER A, WHAT A DOES IS IT
14 BASICALLY STATES THAT, YOU KNOW, WHAT A PROPOSED
15 PROJECT CAN BE, THAT IT'S LOOKING AT ALTERNATIVE
16 USES OF USED TIRES, ETC., AND THAT THEY MAY BE
17 ADMINISTERED -- A LOAN MAY BE ADMINISTERED
THROUGH

18 THE RMDZ LOAN PROGRAM AND FUNDED FROM THE
TIRE
19 RECYCLING MANAGEMENT FUND.

20 B BASICALLY STATES THAT THE
TIRE
21 RECYCLING PROJECTS BE APPROVED BY THE BOARD.

C
22 STATES THAT ELIGIBLE TYPES OF PROJECTS BE

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DEEMED

23 APPROPRIATE TO RECEIVE FUNDING. D STATES

THAT ALL

24 OTHER PROVISIONS, INCLUDING ELIGIBLE PROJECT

25 COSTS, SHALL APPLY TO TIRE RECYCLING

PROJECTS. SO

1 IT'S SAYING THESE REGS APPLY TO TIRE-RELATED
2 LOANS. AND THEN E SAYS THAT RECIPIENTS SHALL
3 REPORT, YOU KNOW, KIND OF LIKE A VERY, VERY BRIEF
4 ANNUAL REPORT ON HOW THEY'RE DOING.

5 AND I THINK THE ISSUE THAT WE'RE
6 RAISING FOR YOU HERE IS THE WAY WE HAVE HANDLED
7 THE TIRE LOANS, AND THERE ARE A NUMBER OF THEM
8 NOW, ARE JUST IN ACCORDANCE WITH THESE REGULATIONS
9 AS THEY RELATE TO THE OVERALL LOAN PROGRAM. WE
10 DON'T DO ANYTHING DIFFERENT WITH THEM. THE CREDIT
11 ISN'T REVIEWED DIFFERENTLY RIGHT NOW. THE
12 ELIGIBLE TYPES OF PROJECTS ARE CONSIDERED AS A
13 PART OF THE OVERALL ELIGIBILITY DETERMINATION.
14 AND THAT'S, YOU KNOW, PART OF WHAT YOU ARE DOING
15 NEXT MONTH. IT'S PART OF WHAT THE BOARD DOES
16 THROUGH THE ANNUAL TIRE ALLOCATION PROCESS AS
17 WELL.

18 AND SO WHAT WE'RE JUST RAISING IS DO
19 THESE REGULATIONS ADD ANYTHING, AND THE STAFF
20 RECOMMENDATION IS THAT THEY DO NOT.

21 CHAIRMAN RELIS: SO WE WOULD STRIKE THIS.

22 MS. TRGOVCICH: SO WE ARE PROPOSING TO
23 STRIKE. THE STATUTE PERTAINING TO THE TIRE
24 RECYCLING MANAGEMENT FUND PROVIDES FOR THE USE OF
25 THOSE FUNDS TO GO TOWARDS LOANS, CONTRACTS, AND

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1 GRANTS, SO THE AUTHORITY EXISTS.

2 CHAIRMAN RELIS: AND THE QUESTION BY THIS
3 PARTY WAS DO WE HAVE SOME PROHIBITION OR MUST A
4 PROJECT DEMONSTRATE THEY'RE BEING DIVERTED FROM
5 LANDFILL.

6 MS. TRGOVCICH: AND WE COULD CONSIDER
7 THAT A PART OF THE GENERAL ELIGIBILITY
8 DETERMINATION THAT WE MAKE ON AN ANNUAL BASIS AND
9 NOT A PART OF THE REGULATIONS. BUT WHAT THAT
10 COMMENT PROMPTED US TO DO WAS GO BACK AND LOOK AT
11 THIS BECAUSE OUR INITIAL RESPONSE WAS THIS IS A
12 PART OF, YOU KNOW, ELIGIBILITY DETERMINATION OR A
13 PART OF THE DELIBERATIONS THAT THE POLICY,
14 RESEARCH, AND TECHNICAL ASSISTANCE COMMITTEE
WOULD
15 THEN HAVE AND MAKE A RECOMMENDATION TO THE BOARD
16 ON.

17 AND THE DISCUSSION WE HAD THEN WAS
18 AND SO WHAT ARE THE PURPOSE OF THESE
REGULATIONS.

19 THEY DON'T GUIDE THE PROGRAM TO ANY EXTENT AT
THIS
20 POINT.

21 MEMBER CHESBRO: THERE ARE, BECAUSE OF
22 THE DIFFERENT STATUTORY ORIGIN AND REQUIREMENTS
OF

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23 THE FUNDING FOR THESE LOANS, THE REQUIREMENTS

AND

24 PRIORITIES ARE DIFFERENT THAN THE REGULAR MARKET

25 DEVELOPMENT ZONE LOANS. BUT I GUESS WHAT I

1 UNDERSTAND YOU TO BE SAYING IS THAT THE DISTINC-
2 TION OR THE WAY THAT WE GO ABOUT THOSE DOESN'T
3 NEED TO BE IN THIS SET OF REGULATIONS.

4 MS. TRGOVCICH: CORRECT. THE
5 PRIORITIZATION, WHICH IS -- THAT'S THE ITEM THAT
6 WE'LL BE BRINGING FORWARD NEXT MONTH, THE LOAN
7 OBJECTIVES AND LENDING PROCEDURES. THE BOARD
8 COULD EITHER CONSIDER ESTABLISHING, YOU KNOW, THE
9 PRIORITIES OR ELIGIBILITY AROUND TIRE PROJECTS IF
10 IT CHOOSES THROUGH THAT PROCESS OR SEPARATELY
11 THROUGH THE ANNUAL TIRE ALLOCATION PROCESS, BUT WE
12 WOULDN'T BE DOING IT THROUGH A REGULATORY PROCESS
13 HERE AS WE DO NOT DO IT THROUGH A REGULATORY
14 PROCESS FOR ANY OF THE OTHER RMDZ LOANS.

15 CHAIRMAN RELIS: SO MAYBE IT'S IN PART
16 DUE TO THE FACT, I DON'T RECALL US HAVING A
17 DISCUSSION, MAYBE WE DID, BUT I DON'T RECALL IT,
18 ON PRIORITIZING TIRE RELATED LOANS.

19 MS. TRGOVCICH: THAT IS ONE OF THE THINGS
20 WE TALKED ABOUT LAST NIGHT. WE'RE NOT DOING THIS
21 NOW.

22 CHAIRMAN RELIS: THAT'S CORRECT. SO...

23 MEMBER PENNINGTON: IF WE STRIKE THIS
24 SECTION, THOUGH, THEN THAT MEANS WE HAVE NO
25 REGULATIONS ON THE TIRE LOANS.

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1 MS. TRGOVCICH: WHAT THE TIRE LOANS --
2 THE DECISION THAT THE BOARD HAS AT LEAST TAKEN IN
3 THE PAST IS THAT THE TIRE LOANS WOULD BE PROCESSED
4 AS WOULD ANY OTHER LOAN. IT MAY -- YOU KNOW, IF
5 THAT -- IF IT WOULD PROVIDE CLARITY FOR YOU TO
6 INCLUDE A SECTION SAYING, YOU KNOW, LOANS -- I
7 DON'T KNOW WHETHER IT WOULD GO INTO THE TIRE REGS
8 OR HERE, BUT LOANS THAT ARE FUNDED FROM THE TIRE
9 RECYCLING MANAGEMENT FUND SHALL BE PROCESSED IN
10 ACCORDANCE WITH SECTIONS BLAH, BLAH, BLAH THROUGH
11 WHATEVER. WE CAN CERTAINLY DO THAT.

12 CHAIRMAN RELIS: BUT YOUR BASIC POINT IS
13 YOU THINK THIS IS UNNECESSARY.

14 MS. TRGOVCICH: CORRECT.

15 CHAIRMAN RELIS: AND SO -- I GUESS THAT'S
16 THE QUESTION BEFORE US. DOES THIS DO ANYTHING FOR
17 THE PROGRAM?

18 MEMBER PENNINGTON: I GUESS I'D WANT TO
19 LOOK AT IT A LITTLE MORE BECAUSE I THINK THAT IT
20 DOES TAKE THE TIRE LOANS OUT OF THESE SETS OF
21 REGULATIONS; AND, THEREFORE, WE DON'T HAVE ANY
22 REGS FOR TIRE LOANS.

23 MS. TRGOVCICH: PERHAPS WHAT WE COULD DO
24 IS WE COULD PUT TOGETHER A SECTION, AND IT WILL BE
25 ESSENTIALLY ALONG THE LINES OF SECTION D OF THAT

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1 SECTION, AND WE'LL ADD SOME MORE VERBIAGE UP FRONT
2 WHERE BASICALLY WHAT WE COULD SAY IS THAT LOANS
3 MADE WITH FUNDS ALLOCATED FROM THE CALIFORNIA TIRE
4 RECYCLING MANAGEMENT FUND SHALL BE --

5 CHAIRMAN RELIS: CONSISTENT WITH THE
6 STATUTE.

7 MS. TRGOVCICH: -- CARRIED OUT IN
8 ACCORDANCE WITH THIS ARTICLE SO THAT ALL OF THE
9 APPLICATION PROCESS, THE REVIEW PROCESS, ETC., IT
10 WILL ALL BE REFERENCED AS A PART OF THIS PROGRAM.
11 WE COULD DEVELOP THAT SECTION FOR YOU.

12 MEMBER PENNINGTON: LET ME LOOK AT IT A
13 LITTLE BIT MORE. BUT AS FAR AS THE QUESTION
14 THAT'S ASKED HERE, I THINK IT'S ALMOST A SAFE
15 ASSUMPTION THAT ANYTHING YOU DO WITH A TIRE IS
16 DIVERTING IT FROM THE LANDFILL.

17 CHAIRMAN RELIS: IT RAISES -- I MEAN WHAT
18 ABOUT AN ENGINEERING APPLICATION?

19 MS. TRGOVCICH: IT ALL DEPENDS UPON HOW
20 DIRECT THAT DIVERSION IS INTENDED TO BE.

21 MEMBER CHESBRO: OR DARE I SAY THE EVIL
22 INITIALS ADC?

23 CHAIRMAN RELIS: ADC.

24 MEMBER PENNINGTON: THAT'S WHY I SAID
25 IT'S ALMOST A SAFE ASSUMPTION.

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1 MEMBER CHESBRO: I SAY EVIL BECAUSE WHO
2 WANTS TO START ARGUING THAT AGAIN.

3 MS. TRGOVCICH: WHAT WE'LL DO IS WE WILL
4 PUT -- WE WILL NOTE THIS ITEM AS SOMETHING THAT WE
5 NEED TO HAVE SOME FURTHER DISCUSSIONS WITH YOU ON.
6 AT THE END OF THIS ITEM, WHAT WE CAN DO IS
7 SUMMARIZE FOR YOU THE NEXT STEPS WHEN WE FIGURE
8 OUT HOW MANY OF THESE OPEN-ENDED ITEMS THERE ARE.

9 MEMBER CHESBRO: WELL, WHAT WE NEED TO BE
10 CLEAR ABOUT, EITHER HERE OR SOMEWHERE, IS THAT
11 HERE'S OUR RMDZ PROCESS AND HERE'S THE WAY TIRES
12 ARE HANDLED. I THINK THAT NEEDS TO BE STATED
13 SOMEWHERE OR CROSS-REFERENCED OR SOMEHOW
14 IDENTIFIED SO THAT THERE'S NOT CONFUSION OR
15 MISUNDERSTANDING ABOUT THE FACT THAT WHILE THE TWO
16 PROGRAMS ARE LINKED BECAUSE WE ARE USING THE SAME
17 STAFF AND PROCESS DO NOT CREATE DUPLICATION, THAT
18 THAT'S A DIFFERENT FUNDING SOURCE, A DIFFERENT
19 STATUTORY ORIGIN, A DIFFERENT DECISION-MAKING
20 PROCESS AT THE BOARD BECAUSE IT INVOLVES THE
21 PRIORITIES SET THROUGH TIRE ALLOCATIONS.

22 CHAIRMAN RELIS: MR. CHESBRO, ON THAT
23 POINT, IT SEEMS TO ME THAT ALL WE WOULD NEED
24 OFFHAND IS JUST TO SAY SOMETHING THAT THE LOAN
25 PROGRAM FOR TIRES -- I THINK THIS IS WHAT
IS THE

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1 FUNDAMENTAL -- OPERATES IN ACCORDANCE WITH
2 STATUTES OF THE TIRE LEGISLATION, BUT
3 OPERATIONALLY WE DON'T TREAT THE TIRES
4 DIFFERENTLY.

5 MS. TRGOVCICH: CORRECT. THE ONE THING
I
6 WOULD JUST LIKE TO POINT OUT BECAUSE YOU RAISED A
7 GOOD POINT, MR. CHESBRO, AND THAT IS, FOR ALL OF
8 THE TIRE LOANS THAT WE HAVE HANDLED TO DATE, THEY
9 HAVE BEEN PROCESSED THROUGH THE RMDZ PROCESS.

THE

10 BOARD MAY WISH TO CONSIDER AT SOME TIME IN THE
11 FUTURE A LOAN WHICH WOULD LOOK DIFFERENT, WHICH
12 MAY NOT NECESSARILY, YOU KNOW, HAVE THE SAME TYPE
13 OF PROCESS.

14 MEMBER CHESBRO: WELL, WHAT I'M SAYING,
I

15 THINK, IS THAT FROM A LOAN COMMITTEE AND A GOOD
16 LOAN STANDPOINT, WE USE OUR PROCESS, FROM THE
17 STAFF REVIEW STANDPOINT, WE USE OUR SAME PROCESS,
18 BUT WHAT IT IS THAT WE'RE TRYING TO ACHIEVE WITH
19 THE TIRE LOAN COMES UNDER THE STATUTORY REQUIRE-
20 MENTS OF THAT FUNDING SOURCE AS OPPOSED TO THE AB
21 939 MARKET DEVELOPMENT RECYCLING -- I'M MIXING
22 THINGS UP HERE -- THE RECYCLING MARKET

DEVELOPMENT

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23 ZONE LOAN FUND PROGRAM. THOSE ARE DIFFERENT
24 ORIGINS.
25 AND TIRE PROJECTS WE'VE SEEN TO

1 DATE, LOANS WE'VE SEEN TO DATE, MAY OR MAY NOT
2 HAVE QUALIFIED UNDER THE RMDZ PROGRAM, BUT THAT'S
3 NOT THE ORIGIN OF THE CRITERIA THAT WE USE IN
4 DETERMINING WHETHER OR NOT IT'S A PRIORITY OR A,
5 YOU KNOW, WHETHER IT'S A HIGH PRIORITY PROJECT OR
6 NOT. IT'S THE QUESTION OF DOES IT ADDRESS THE
7 PURPOSES OF THE TIRE LAW AND THE FIRE FUND,

YOU

8 KNOW. AT LEAST THAT'S, AS A BOARD MEMBER, MY
9 UNDERSTANDING WHEN WE MAKE A TIRE LOAN WHAT

WE'RE

10 TALKING ABOUT. IT'S A LITTLE DIFFERENT. I
THINK

11 OVERALL --

12 MEMBER PENNINGTON: WE ALSO NEED TO
KNOW

13 WHETHER IT'S A GOOD LOAN OR NOT.

14 MEMBER CHESBRO: I'M NOT AGAINST US
USING

15 THE SAME PROCESS. I THINK IT'S EFFICIENT,
BUT I'M

16 JUST SAYING THAT THERE'S TWO DIFFERENT KINDS
OF

17 BACKGROUNDS IN TERMS OF WHAT THE CRITERIA IS.

18 MEMBER PENNINGTON: MY CONCERN IS AT
THIS

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19 POINT PERHAPS WE OUGHT TO REFERENCE THE FACT
THAT

20 THOSE FUNDS ARE GOING TO GO THROUGH THIS
PROCESS

21 BY HAVING THEM IN THESE REGS. MAYBE IT'S NOT
22 NECESSARY. I'M NOT SURE.

23 MEMBER CHESBRO: I TEND TO AGREE
WITH

24 YOU, THAT THERE NEEDS TO BE SOME SORT OF
CLARITY.

25 CHAIRMAN RELIS: I WOULD SUGGEST IN
THE

1 INTERIM BETWEEN NOW AND THE BOARD MEETING THE
2 ADVISORS OF THE VARIOUS COMMITTEE -- OF THIS
3 COMMITTEE GET TOGETHER WITH STAFF AND JUST TRY TO
4 WALK THROUGH.

5 MS. TRGOVCICH: JUST A CLARIFICATION,
6 BECAUSE WE ARE PROPOSING A SUBSEQUENT 15-DAY
7 COMMENT PERIOD, IF THE COMMITTEE AGREES WITH THAT
8 RECOMMENDATION, WE WILL NOT BE BRINGING THIS ITEM
9 TO THE BOARD BECAUSE THERE WOULDN'T BE A SET OF
10 REGULATIONS FOR ADOPTION AT THAT POINT. BUT WE
11 CAN CERTAINLY, AS I SAID, WE CAN HOLD THIS ITEM IN
12 ABEYANCE AND MAYBE AT THE END OF THE PRESENTATION,
13 WE'LL SEE HOW MANY THESE ARE AND FIGURE OUT A
14 PROCESS FOR HOW TO GET TO THAT 15-DAY COMMENT
15 PERIOD.

16 CHAIRMAN RELIS: THAT'S A GOOD
17 SUGGESTION. IF THERE ISN'T FURTHER COMMENT RIGHT
18 NOW, LET'S MOVE ON.

19 MR. YOUNG: THE NEXT ONE IS COMMENT 17,
20 WHICH IS ALSO SOMEWHAT RELATED TO COMMENT 19 IN
21 THAT THEY BOTH BASICALLY SPEAK TO THE LEVERAGE
22 FACTOR. THEY'RE BROKEN INTO DIFFERENT SECTIONS OR
23 DIFFERENT COMMENTS BECAUSE THEY ARE ACTUALLY
24 APPLICABLE TO DIFFERENT SECTIONS. BUT THE
25 QUESTION ASKED IS BASICALLY THE PROPOSED

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1 REGULATIONS WOULD ELIMINATE LEVERAGE AS A PRIORITY
2 IN DETERMINING WHICH PROJECTS GET FUNDED.

3 WE CURRENTLY HAVE A REQUIREMENT THAT
4 WE CAN LEND NO MORE THAN 50 PERCENT OF A PROJECT'S
5 COST. SO A BUSINESS PERSON IS ALREADY REQUIRED TO
6 COME UP WITH AT LEAST 50 PERCENT OF A PROJECT. IN
7 LOOKING AT THE PORTFOLIO LAST EVENING, WE HAVE AS
8 A PORTFOLIO AVERAGE APPROXIMATELY 43 PERCENT
9 LEVERAGE, SO WE'RE ACTUALLY GETTING BETTER THAN A
10 50-PERCENT LEVERAGE.

11 STAFF FELT THAT BECAUSE WE ALREADY
12 HAVE THE REQUIREMENT THAT WE CAN ONLY DO HALF OF A
13 PROJECT, IN KEEPING WITH THE CONCEPT OF BEING
14 COMPLEMENTARY RATHER THAN COMPETITIVE WITH THE
15 PRIVATE SECTOR, WE FELT THAT IT'S NOT NECESSARILY
16 NEEDED TO HAVE IT AS A PRIORITY ITEM, BUT THAT IT
17 MAY STILL BE SOMETHING THAT THE BOARD WANT TO LOOK
18 AT WITH RESPECTS TO -- PARDON ME -- NOT WITH
19 ELIGIBILITY, BUT STILL WITH RESPECT TO PRIORITY,
20 ASSIGNING SOME SORT OF POINTS FOR PRIORITY TO BE
21 DISCUSSED NEXT MONTH.

22 CURRENTLY IN THE SCORING OF LOAN
23 APPLICANTS, THERE IS SOME POINTS GIVEN FOR
24 LEVERAGE OF FUNDS. BUT BECAUSE, WITH THE
25 EXCEPTION OF A FEW LARGER PROJECTS, THE VAST

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1 MAJORITY PROBABLY COME IN THE 47 TO 50 PERCENT
2 RANGE, THE IDEA OF HAVING IT THERE AS A PRIORITY
3 REALLY ISN'T THAT APPLICABLE. SO THAT IS WHY
4 STAFF IS RECOMMENDING DELETION OF REFERRING TO IT
5 IN THE PRIORITY.

6 MEMBER PENNINGTON: IF I UNDERSTAND, MR.
7 CHAIRMAN, THAT BECAUSE OF THE 50-PERCENT
8 REQUIREMENT, THAT ALL LOANS HAVE AT LEAST A
9 50-PERCENT LEVERAGE, AND THAT ANY LEVERAGING ABOVE
10 THAT WOULD NOT BE CONSIDERED A PRIORITY.

11 MR. YOUNG: CORRECT. IT WOULD -- IT
12 COULD RECEIVE ADDITIONAL POINTS IN WHATEVER THE
13 COMMITTEE AND BOARD ADOPTS AS A SCORING SYSTEM,
14 BUT THAT IT NEED NOT NECESSARILY BE REFLECTED IN
15 REGS.

16 MS. TRGOVCICH: WHAT WE'RE SAYING IS THAT
17 THAT MAY BE A POLICY DECISION OF THE COMMITTEE AND
18 BOARD, IF YOU WISH --

19 CHAIRMAN RELIS: AFTER ALL, OUR
20 FUNDAMENTAL BUSINESS IS TO MAKE LOANS AND GET
21 LOANS OUT. TO PUT IN REGS PRIORITY SEEMS
22 NEEDLESSLY DETAILED AND POTENTIALLY CUMBERSOME
23 WHEN WE HAVE THE FULL LATITUDE EACH YEAR TO
24 EVALUATE OUR PRIORITIES.

25 MEMBER CHESBRO: I WOULD AGREE THAT IT

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1 DOESN'T NEED TO BE IN REGS, BUT I'M EVER THE
2 OPTIMIST, HOPEFUL THAT WE'RE GOING TO BE BACK IN A
3 POSITION WHERE WE HAVE MORE LOANS THAN WE HAVE
4 FUNDS AVAILABLE. AND THEN I THINK THESE THINGS,
5 AS A MATTER OF PRIORITY, START BECOMING MORE
6 IMPORTANT. IF YOU'VE GOT TWO LOANS THAT ARE EQUAL
7 IN EVERY OTHER RESPECT, BUT ONE OF THEM IS GOING
8 TO PUT MORE MONEY INTO THE MARKETPLACE FOR
9 RECYCLING, MAYBE WE SHOULD PICK THE ONE THAT'S
10 GOING TO PUT MORE MONEY IN. THAT'S IN A SITUATION
11 WE HAVEN'T BEEN IN NOW FOR A LITTLE WHILE OF
12 HAVING A COMPETITIVE SITUATION WHERE WE HAVE TO
13 MAKE TOUGH DECISIONS BETWEEN GOOD LOANS.

14 MR. YOUNG: THAT ALSO MAY ACTUALLY SPEAK
15 TO COMMENT NO. 19, WHICH ASKS WHETHER PROGRAM
16 STATUTES ALLOW THE BOARD TO LEND LESS THAN 50
17 PERCENT OF A PROJECT COST. YES, THEY DO. FIFTY
18 PERCENT IS THE MAXIMUM THAT WE CAN LEND. THE
19 BOARD, SHOULD MONIES BECOME TIGHT, CAN ALWAYS PUT
20 IN A REQUIREMENT OF 40 PERCENT, 45 PERCENT, OR
21 WHATEVER IS DEEMED APPROPRIATE IN ORDER TO STRETCH
22 THE MONIES. SO THAT FLEXIBILITY IS RETAINED.

23 MEMBER CHESBRO: I WOULD SAY THAT IF
24 WE'RE GOING TO NOT -- IF WE'RE GOING TO TAKE IT
25 OUT OF THE REGS, LET'S DIRECT STAFF TO BRING IT

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1 BACK ANNUALLY FOR CONSIDERATION, THOUGH, AS A --

2 MS. TRGOVCICH: WE'LL INCLUDE IT IN THE
3 MAY ITEM, IF YOU WOULD LIKE.

4 MEMBER CHESBRO: BECAUSE I THINK WE NEED
5 TO LOOK AT IT RELATIVE TO THE DEMAND AT THE TIME
6 ON THE FUNDS AND WHETHER IT'S AN IMPORTANT
7 CONSIDERATION.

8 CHAIRMAN RELIS: OKAY. WE GENERALLY
9 AGREE ON THAT POINT?

10 MEMBER PENNINGTON: THAT'S FINE. IT
11 WOULD SEEM TO ME THAT ALL THINGS WOULDN'T BE EQUAL
12 IF ONE LOAN WAS ASKING FOR LESS MONEY THAN THE
13 OTHER LOAN.

14 CHAIRMAN RELIS: PROBABLY THE REOCCURRING
15 THEME HERE IS IF WE WERE TO FOLLOW STAFF RECOMMEN-
16 DATIONS THROUGHOUT, I GUESS WE WANT TO BE ASSURED
17 THAT WE HAVEN'T DONE ANYTHING THAT PRECLUDES OUR
18 LATITUDE TO WEIGHT LOANS AS THEY COME DOWN AND
19 EXERCISE OUR PRIORITY.

20 MS. TRGOVCICH: CERTAINLY. AND WE WILL
21 GO OVER THAT PROCESS FOR YOU IN THE MAY ITEM NEXT
22 MONTH AND INCLUDE THIS AS A SPECIFIC AREA WHERE
23 THE COMMITTEE CAN PROVIDE DIRECTION. IF YOU WISH
24 TO EITHER, ONE, APPLY ADDITIONAL POINTS IN THE
25 SCORING OF LOANS FOR LOANS THAT, YOU KNOW,
PROVIDE

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1 GREATER LEVERAGE OF FUNDS, OR IF YOU WISH TO
2 PRIORITIZE LOANS JUST BY STATING THAT, YOU KNOW,
3 PERHAPS YOU DON'T WANT TO LEND MORE THAN 30
4 PERCENT OF A PROJECT COST. THAT MAY NOT BE THE
5 DECISION YOU CHOOSE TO MAKE NOW, BUT WHEN FUNDS
6 BECOME TIGHT, YOU MAY WANT TO REVISIT THAT.

7 MEMBER PENNINGTON: MAYBE SOMETHING THE
8 COMMITTEE WOULD WANT TO DO TOO, THEY MIGHT LOOK AT
9 A LOAN AND SAY, GEEZ, THEY'RE ASKING FOR X NUMBER
10 OF DOLLARS, BUT WITH THEIR CREDIT AND EVERYTHING,
11 WE DON'T WANT TO RISK MORE THAN.

12 CHAIRMAN RELIS: I'D BE INTERESTED. I
13 KNOW WE HAVE ONE MEMBER FROM THE COMMITTEE HERE
14 TODAY, JIM BAIRD. I THINK I SEE YOU THERE, JIM.
15 AND I'D INVITE YOU TO COMMENT AT ANY POINT IF YOU
16 WISH. LET'S GO ON.

17 MR. YOUNG: COMMENT NO. 18, BASICALLY
18 THERE WERE A FEW INTERNAL COMMENTS THAT EXPRESSED
19 SOME CONCERN ABOUT WHAT WAS PROPOSED AS THE
20 ELIGIBILITY AND PRIORITIES BEING DETERMINED
21 PERIODICALLY AND WANTED TO PERHAPS CHANGE THAT TO
22 SOME DIFFERENT VERBIAGE TO ENSURE BASICALLY THE
23 REVIEW OF THE PRIORITIES AND THE ELIGIBILITY
24 DIDN'T SLIP THROUGH THE CRACKS.

25 STAFF AGREES. IN FACT, STAFF

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1 RECOMMENDS BASICALLY THE ADDITION OF SUBSECTION 3
2 TO SECTION 17933, WHICH WOULD BASICALLY NOW READ:
3 PRIORITY CONSIDERATION GIVEN TO THOSE PROJECTS
4 WHICH SATISFY THE ADDITIONAL PRIORITIES THAT WILL
5 BE DETERMINED BY THE BOARD. THESE PRIORITIES WILL
6 BE REVIEWED AND REVISED AS APPROPRIATE ON AN
7 ANNUAL BASIS.

8 THAT WAY WE'RE STILL BASICALLY
9 COMING BACK TO THE TABLE, TAKING A LOOK AT THESE
10 ON AN ANNUAL BASIS TO MAKE SURE THAT THEY'RE STILL
11 CONSISTENT WITH CHANGES IN THE MARKETPLACE,
12 CHANGES IN POLICIES, AND WHAT HAVE YOU.

13 MS. TRGOVCICH: I'D JUST LIKE TO REMIND
14 THE COMMITTEE THAT THE REASON WHY WE CHANGED THIS
15 LANGUAGE ORIGINALLY FROM THE HARD AND FAST MARCH
16 31 DATE WAS BECAUSE THE COMMITTEE AND BOARD WISHED
17 TO ENTERTAIN DISCUSSIONS AROUND THE LOAN PROGRAM
18 THIS YEAR, WHICH WOULD HAVE MADE THE TIMING OF THE
19 SETTING OF THOSE PRIORITIES COME RIGHT IN THE
20 MIDDLE OF THAT PROCESS. AND SO WHAT WE WERE
21 TRYING TO GET WAS SOME FLEXIBILITY THAT IF

THE

22 COMMITTEE WISHED TO EXAMINE CERTAIN ITEMS AND

A

23 HARD AND FAST DATE JUST DIDN'T WORK, THAT WE

HAD

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24 THAT FLEXIBILITY.

25 CHAIRMAN RELIS: ANY QUESTIONS ON
THIS?

1 LET'S GO ON.

2 MR. YOUNG: COMMENT NO. 21, WE HAD A
3 COUPLE OF PUBLIC COMMENTERS EXPRESS CONCERN
4 REGARDING THE 3-PERCENT LOAN FEE. THEY WERE
5 LOOKING FOR KIND OF A REVIEW OF, GEE, IS THIS AN
6 APPROPRIATE PERCENTAGE. IS IT BEING USED
7 EFFECTIVELY? ONE COMMENTER EXPRESSED A DESIRE,
8 WHO HAPPENS TO BE A ZONE ADMINISTRATOR, EXPRESSED
9 A DESIRE THAT PERHAPS THE FEE COULD BE SHARED
WITH

10 SOME OF THE ORIGINATING ZONES AS KIND OF AN
11 INCENTIVE.

12 CHAIRMAN PENNINGTON: WONDER WHY?

13 MR. YOUNG: BASICALLY IT'S -- OUR
14 RESPONSE WAS THAT WE'VE BASICALLY BEEN DIRECTED
TO
15 EXPLORE OPTIONS TO PROVIDE SOME INCENTIVES FOR
16 PARTICIPATION; BUT RATHER THAN SETTING THIS
17 FORWARD IN REGULATIONS, THAT WOULD BEST BE
HANDLED

18 THROUGH SEPARATE DISCUSSIONS. AND THAT WILL BE
19 COMING LATER AS POLICY DECISION OR PERHAPS
CHANGES

20 TO REGS, SHOULD IT BE NEEDED.

21 CHAIRMAN RELIS: OKAY. NOW, LET'S
22 CLARIFY SEPARATE DISCUSSION.

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23 MS. TRGOVCICH: SEPARATE DISCUSSION.
24 IT'S OUR UNDERSTANDING THAT SEVERAL OF THE BOARD
25 MEMBERS AND MYSELF INCLUDED AS DEPUTY DIRECTOR
ARE

1 INTERESTED IN TRYING TO MAKE THIS LOAN PROGRAM
2 MORE ATTRACTIVE TO OUR ZONE ADMINISTRATORS. ONE
3 OF THE WAYS TO DO IT MAY BE INCENTIVES AROUND THE
4 FEES COLLECTED. THERE MAY BE OTHER WAYS OF DOING
5 IT IN TERMS OF TRAINING OR ASSISTANCE, A VARIETY
6 OF MECHANISMS.

7 I AM NOT PROPOSING A SPECIFIC DATE
8 WHEN WE WILL HAVE THAT DISCUSSION. IT WILL BE
9 SOON, BUT WE HAVE A LOT ON THE DOCKET RIGHT NOW.
10 WE HAVE A LOT COMING THIS MONTH, NEXT MONTH,
11 POSSIBLY IN JUNE AND IN JULY. BUT WE COULD
12 CONSIDER POSSIBLY THE JULY TIME FRAME AS BEING AN
13 OPPORTUNITY WHERE WE WOULD BE COMING BACK TO YOU
14 WITH SOME CONCEPTS AROUND THAT.

15 AS YOU WILL REMEMBER, I THINK I
16 NOTED, NOT QUITE SURE IF IT WAS AT A COMMITTEE
17 MEETING OR AT ANOTHER OPPORTUNITY, THAT WE WILL BE
18 TAKING THE CONCEPT OR ARE TAKING RIGHT NOW THE
19 CONCEPT OF ZONE MARKETING ASSISTANCE. THAT WAS A
20 CONTRACT CONCEPT SUBMITTED FOR THE 7-8 CYCLE. AND
21 WHAT WE ARE DOING IS AN INFORMAL SOLICITATION TO
22 OUR ZONE ADMINISTRATORS, TO NONPROFIT GROUPS, ANY
23 OTHER INTERESTED INDIVIDUALS OUT THERE THAT FEEL
24 THAT THEY HAVE AN IDEA OF HOW WE CAN BEST MAKE
25 THIS LOAN PROGRAM WORK.

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1 AND WE'RE DOING THAT INFORMAL
2 SOLICITATION SO THAT WE CAN BRING IDEAS BACK TO
3 THE COMMITTEE AROUND WHAT THAT CONTRACT CONCEPT
4 WOULD LOOK LIKE. THIS DISCUSSION MAY BE BEST
5 INSERTED INTO THE RETURNING OF THAT INFORMAL
6 SOLICITATION TO THE COMMITTEE. SO WHEN WE COME
7 BACK WITH A DISCUSSION AROUND THE CONTRACT CONCEPT
8 AND WHAT THOSE IDEAS WOULD BE FOR EXPENDITURE, YOU
9 KNOW, BE IT THE 100,000, 200,000, WHATEVER THE
10 CONTRACT CONCEPT DOLLAR AMOUNT IS, THAT WE WOULD
11 ENTERTAIN AT THE SAME TIME A DISCUSSION AROUND
12 ADDITIONAL INCENTIVES TO ZONE ADMINISTRATORS.

13 CHAIRMAN RELIS: YOU WOULD EXPECT PERHAPS
14 BEING READY TO DO THAT IN JULY?

15 MS. TRGOVCICH: YEAH. THERE IS AN AWFUL
16 LOT ON THE BOOKS RIGHT NOW FOR THE STAFF, BUT WE
17 WOULD PROPOSE NO SOONER THAN JULY.

18 MEMBER PENNINGTON: I APPRECIATE THEIR
19 WORKLOAD, AND I'M NOT SURE THAT WE NEED TO BURDEN
20 THEM WITH A DATE, BUT ASK THEM TO COME BACK AS
21 SOON AS POSSIBLE.

22 CHAIRMAN RELIS: OKAY.

23 MR. YOUNG: THE -- FINISHING OFF A LITTLE
24 PART OF THAT ALSO ON STILL COMMENT 21, THERE WAS
25 SOME CONFUSION IN THE VERBIAGE OF THE LANGUAGE

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1 REGARDING THE TIMING, NOT EVEN THE TIMING, BUT THE
2 BOARD'S ABILITY TO ADJUST, NOT ONLY THE AMOUNT OF
3 THE FEES, BUT WHEN THE FEES MAY BE COLLECTED. SO
4 THERE WAS SOME CLARIFYING LANGUAGE TO THAT AS WELL
5 TO HOPEFULLY CLARIFY THE INTENT, THAT THE BOARD
6 HAS THE AUTHORITY TO NOT ONLY ADJUST THE FEES AND
7 APPLICATION FEE AND THE POINTS, BUT ALSO WHEN
8 THOSE FEES ARE COLLECTED.

9 GOING OVER TO PAGE 8, COMMENT NO.
10 28, IN THE LOAN AGREEMENT SECTION, THERE WAS AN
11 INTERNAL COMMENT THAT SOME OF THE LANGUAGE IN
12 THERE HAVING TO DO WITH LOAN TERMS FOR MACHINERY
13 AND SOME OTHER ASPECTS -- LET ME GET IT HERE --
14 SHOULD BE LIMITED TO THE USEFUL LIFE OF THE ASSETS
15 AND TAKING A SUBORDINATE POSITION, THAT THOSE ARE
16 ACTUALLY MORE APPROPRIATELY CONSIDERED AS
17 UNDERWRITING EVALUATION AND NOT REALLY APPROPRIATE
18 FOR REGS.

19 SO STAFF WAS BASICALLY RECOMMENDING
20 TO AMEND THE SECTION AND BASICALLY BE CONCISE AND
21 SAY, THE TERM OF THE LOAN SHALL NOT EXCEED TEN
22 YEARS," WHICH IS CONSISTENT WITH STATUTE.

23 WHIZZING RIGHT ALONG, WE HAVE
24 COMMENT NO. 36, PAGE 10. THE COMMENT THAT WAS
25 EXPRESSED ON A COUPLE OF INTERNAL COMMENTS WAS

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1 BASICALLY THAT THE PROPOSED REGS STATED THAT ONLY
2 CREDITWORTHY APPLICANTS WOULD BE FORWARDED TO THE
3 LOAN COMMITTEE AND THAT PERHAPS THERE SHOULD BE
4 ADDITIONAL FLEXIBILITY FOR THE LOAN COMMITTEE TO
5 CONSIDER APPLICATIONS OVER WHICH THERE'S NOT
6 COMPLETE AGREEMENT OR THERE'S SOME WEAKNESSES.

7 SO STAFF HAS RECOMMENDED --
8 BASICALLY AGREES WITH THAT, SO STAFF RECOMMENDS
9 AMENDING SECTION 179354, SUBPARAGRAPH A, TO
10 BASICALLY STATE THAT APPLICATIONS -- BOARD STAFF
11 WILL PREPARE AN ANALYSIS OF EACH APPLICATION, AND
12 THAT APPLICATIONS WHICH MEET THE FOLLOWING
13 CRITERIA, WHICH ARE LISTED LATER, SHALL BE
14 RECOMMENDED FOR APPROVAL TO THE LOAN COMMITTEE.

15 BASICALLY WHAT THAT ENABLES US TO DO
16 IS SAY -- TO MAKE THE DIFFERENCE BETWEEN WHETHER
17 IT'S JUST RECOMMENDED TO THE COMMITTEE OR
18 RECOMMENDED FOR APPROVAL. THAT STILL ALLOWS
19 APPLICATIONS TO COME FORWARD WITHOUT A RECOMMEN-
20 DATION FOR APPROVAL, BUT STILL TO COME FORWARD TO
21 THE LOAN COMMITTEE. HENCE, THEY COULD COME
22 FORWARD WITH A NEUTRAL RECOMMENDATION IN THOSE
23 AREAS THAT STAFF FEELS THAT LOAN COMMITTEE MAY BE
24 IN A BETTER POSITION TO DEAL WITH THE CONCERNS
25 EXPRESSED BY THE APPLICANT.

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1 SO, IN ESSENCE, IT ALLOWS THE
2 FLEXIBILITY FOR STAFF TO NOT ONLY BE REQUIRED TO
3 TAKE WITH A RECOMMENDATION THOSE APPLICATIONS THAT
4 MEET THAT, BUT ALSO LEAVE THE DOOR OPEN FOR
5 APPLICATIONS THAT DON'T MEET THOSE STANDARDS TO
6 STILL BE BROUGHT FORWARD WITHOUT RECOMMENDATION.

7 CHAIRMAN RELIS: MY UNDERSTANDING FROM
8 THE DISCUSSION IN THE TESTIMONY BY THE LOAN
9 COMMITTEE REPRESENTATIVES WAS THAT AT LEAST ONE,
10 MAYBE MORE, INVITED THIS TYPE OF REVIEW IN THE
11 HOPES OF POSSIBLY INCREASING THE LOAN ACTIVITY.
12 AND SO THIS RECEIVED CONSIDERABLE DISCUSSION AND,
13 AS I UNDERSTAND IT NOW, YOU'RE NOW AGREEING WITH
14 THAT POSITION.

15 MS. TRGOVCICH: CORRECT. AND WE WILL BE
16 BRINGING FORWARD -- THERE ARE A NUMBER OF OTHER
17 RECOMMENDATIONS THAT CALVIN IS GOING TO SUMMARIZE
18 WHICH ALSO AFFECT THE LOAN COMMITTEE. THIS IS
19 JUST ONE OF THEM. AND WE WILL BRINGING AT THE
20 MEETING OF THE LOAN COMMITTEE IN JUNE, BOB CAPUTI
21 HAS DRAFTED A PROCESS THAT HE WANTS TO GET THE
22 LOAN COMMITTEE'S INPUT ON THAT WILL FACILITATE
23 GETTING, NOT ONLY THE APPLICATIONS THAT DON'T
24 OBTAIN STAFF APPROVAL, AS WE'RE PROPOSING IN
THIS

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25 SECTION, TO THE LOAN COMMITTEE FOR REVIEW, BUT

1 ALSO GET APPLICATIONS THAT MAY BE REJECTED TO
THE
2 LOAN COMMITTEE FOR RECONSIDERATION. SO WE'RE
3 DOING A LOT ALONG THOSE LINES, AND THE LOAN
4 COMMITTEE WILL BE DISCUSSING THAT IN JUNE WHEN
5 THEY NEXT MEET.

6 MEMBER CHESBRO: WITH ALL DUE RESPECT
TO
7 LATE NIGHT DRAFTING CAPABILITIES, I FOUND THE
8 GRAMMAR KIND OF CONFUSING, AND SO I'D LIKE IT TO
9 JUST BE REVIEWED CAREFULLY TO MAKE SURE THAT IT
IS
10 CLEAR. WE'RE TALKING ABOUT .5 -- 17935.55(B).
11 ISN'T THAT WHAT WE'RE TALKING ABOUT?

12 MS. TRGOVCICH: WE'RE TALKING ABOUT
.4(A)
13 RIGHT NOW.

14 MEMBER CHESBRO: OH, OKAY. I JUMPED
15 AHEAD BECAUSE IT'S THE SAME SUBJECT MATTER THAT
16 COMES UP UNDER --

17 MS. TRGOVCICH: THERE'S MULTIPLE
SECTIONS
18 THAT DEAL WITH THE LOAN COMMITTEE PARTICIPATION.

19 MEMBER CHESBRO: WELL, I WAS TALKING
20 ABOUT THE -- I JUMPED AHEAD. I'M SORRY.

21 MEMBER PENNINGTON: MR. CHAIRMAN, I

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THINK

22 THIS LEAVES SOME CONFUSION BECAUSE IT SAYS THE
23 BOARD SHALL PREPARE AN ANALYSIS OF ALL
24 APPLICATIONS. DOESN'T SAY WHAT IT'S GOING TO DO
25 WITH THOSE ANALYSIS. AND THEN SAYS, IF I READ

1 THIS CORRECTLY, THEN SAYS THE APPLICATIONS WHICH
2 MEET THE FOLLOWING CRITERIA SHALL BE RECOMMENDED
3 FOR APPROVAL TO THE LOAN COMMITTEE.

4 DOES THIS MEAN THAT ALL LOAN
5 ANALYSIS WILL BE FORWARDED TO THE COMMITTEE? SOME
6 WILL SAY REVIEW -- SOME WILL SAY WE RECOMMEND
7 APPROVAL, OTHER WE DON'T RECOMMEND ANYTHING.

8 MS. TRGOVCICH: WHAT WE'RE GOING TO BE
9 DOING, AND WE KIND OF HAD THIS DISCUSSION TO AN
10 EXTENT WITH THE LOAN COMMITTEE MEMBERS AT THEIR
11 LAST MEETING AND I WASN'T THERE FOR THE FULL
12 MEETING. WE'RE GOING TO BE TRYING -- WE'RE GOING
13 TO BE WORKING WITH THE LOAN COMMITTEE TO SEE THE
14 EXTENT OF THE TYPE OF APPLICATIONS THAT THEY DO
15 WANT TO SEE.

16 WHAT WE TRIED TO DO IN THIS SECTION
17 IS NOT SAY EVERYTHING THAT THE LOAN COMMITTEE
18 WILL
19 BE DOING, BUT JUST THAT FOR PURPOSES OF WHAT
20 STAFF

21 RECOMMENDS FOR APPROVAL, IT MEETS THOSE CRITERIA.
22 SO WE'RE PUTTING THE BOX AROUND OURSELVES ONLY,
23 SAYING IF IT LOOKS AND SMELLS LIKE THIS, THAT WE
24 WILL RECOMMEND APPROVAL. OTHER ITEMS MAY GO WITH
25 A NEUTRAL RECOMMENDATION, WITH NO RECOMMENDATION,
26 OR WITH A NEGATIVE RECOMMENDATION. AND WE WILL

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BE

25 WORKING WITH THE LOAN COMMITTEE OVER THE NEXT

1 MANY, MANY MONTHS TO GET A SENSE FROM THEM OF THE
2 SCOPE OF THE APPLICATIONS THAT THEY WANT TO SEE.

3 I DON'T THINK IT'S STAFF POSITION
4 THAT THE LOAN COMMITTEE SEE ALL APPLICATIONS.
5 THERE ARE A LOT OF APPLICATIONS THAT COME IN THE
6 DOOR THAT ARE VERY POOR. AND I DON'T KNOW THAT
7 THE LOAN COMMITTEE MEMBERS WOULD NECESSARILY WANT
8 TO TAKE THEIR TIME LOOKING AT APPLICATIONS THAT
9 DON'T EVEN HAVE A PROJECT DESCRIPTION. BUT WE
10 WILL BE WORKING WITH THEM OVER THE COMING MONTHS
11 SO THAT THEY CAN TELL US WHAT THE SCOPE OF THE
12 TYPE OF APPLICATIONS ARE THAT THEY WANT TO SEE.
13 AND THEN, AS I SAID AS WELL, WE WILL BE BRINGING
14 FORWARD A PROCESS TO THEM IN JUNE FOR THEIR INPUT
15 AND DEVELOPMENT OF A PROCESS FOR RECONSIDERATION
16 OF ALL APPLICATIONS AS WELL.

17 MEMBER PENNINGTON: I UNDERSTAND THAT.
18 BUT I THINK -- THE WAY I READ THIS, IT JUST KIND
19 OF LEAVES THOSE THAT ARE NOT FOR APPROVAL, IT JUST
20 KIND OF LEAVES THEM OUT THERE IN NOWHERE LAND. I
21 THINK WE SHOULD SAY SOMETHING ABOUT WHAT WE'RE
22 GOING TO DO WITH THOSE THAT WE PREPARE AN ANALYSIS
23 FOR, BUT THAT YOU DON'T RECOMMEND FOR APPROVAL.

24 MS. TRGOVCICH: I THINK --
25 MEMBER PENNINGTON: WHAT HAPPENS?

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1 CHAIRMAN RELIS: MAYBE I COULD JUST
2 OFFER. IT SEEMS TO ME, OKAY, WE HAVE INPUT AND AN
3 AGREEMENT THAT WE WOULD LIKE TO BE MORE POROUS, I
4 GUESS, ABOUT WHAT LOANS COULD COME BEFORE THE
5 COMMITTEE. THE COMMITTEE PROBABLY HAS ITS OWN
6 IDEAS ABOUT. AND SENSE WE WERE TAKING THEIR INPUT
7 IN THIS DECISION ABOUT WHAT DO THEY WANT TO SEE
8 AND NOT SEE, BECAUSE WE DON'T WANT TO EITHER
9 OVERBURDEN THEM WITH STUFF THAT THEY MIGHT
10 CONSIDER IRRELEVANT OR UNNECESSARY. I DON'T THINK
11 WE KNOW WHAT THAT IS.

12 MS. TRGOVCICH: THAT'S WHY WE'RE
13 PROPOSING AN OPEN ENDED -- THE REASON WHY WE MADE
14 THE VERY SLIGHT CHANGE TO THE SECTION THAT WE DID
15 WAS TO MAKE SURE THAT IT WASN'T CONFINING SO THAT
16 WE COULDN'T NOT FORWARD THOSE APPLICATIONS TO THE
17 LOAN COMMITTEE MEMBERS, BUT TO ACKNOWLEDGE THAT WE
18 HAVE SOME WORK TO DO TO WORK WITH THEM ON HOW MUCH
19 DO THEY WANT TO SEE.

20 CHAIRMAN RELIS: AND ON THAT POINT, I
21 THINK WHAT MR. PENNINGTON IS AFTER IS PERHAPS MORE
22 EXPLICIT. MAYBE IT'S TOO VAGUE IN THIS CURRENT
23 LANGUAGE EXPRESSING --

24 MS. TRGOVCICH: AND WE DON'T KNOW WHAT
25 THAT PROCESS WILL LOOK LIKE NOW UNTIL WE BEGIN TO

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1 WORK WITH THE LOAN COMMITTEE MEMBERS ON THE SCOPE
2 OF WHAT THEY DO WANT TO SEE.

3 CHAIRMAN RELIS: SO HOW DOES THAT BEAR
4 BECAUSE SINCE WE'RE DEALING WITH REGULATIONS
5 BEFORE US IF THAT'S UNRESOLVED, THAT LANGUAGE? WE
6 HAVE A COUPLE OF OPTIONS. YOU KNOW, PUT IT OFF,
7 GET THE GROUP -- GET THE COMMITTEE TOGETHER AND
8 COME UP WITH LANGUAGE.

9 MS. TRGOVCICH: I'D JUST LIKE TO
10 ADVISE --

11 MEMBER PENNINGTON: AFTER THE 15-DAY
12 PERIOD, WE'RE GOING TO APPROVE THESE?

13 MS. TRGOVCICH: UNLESS THERE'S A SERIES
14 OF COMMENTS THAT WOULD CAUSE YOU TO WANT TO MAKE
15 ADDITIONAL CHANGES TO THE REGULATIONS, CORRECT.
16 THE NEXT MEETING OF THE LOAN COMMITTEE IS SET FOR
17 JUNE RIGHT NOW.

18 MEMBER PENNINGTON: SO THE BOARD WILL
19 HAVE AN OPPORTUNITY -- MUST ADOPT THESE AFTER THE
20 15-DAY PERIOD. SO SOMETIME IN THE NEXT 15 DAYS,
21 WE CAN GET THE -- STAFF CAN GET TOGETHER AND MAYBE
22 TRY TO SATISFY THIS PROBLEM I HAVE.

23 MS. TRGOVCICH: CERTAINLY.

24 MEMBER PENNINGTON: IF THAT'S ALL RIGHT
25 WITH THE COMMITTEE.

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1 MEMBER CHESBRO: IN 17935.55(B) ON PAGE
2 10, TOWARDS THE BOTTOM OF PAGE 10, THERE IS AN
3 ATTEMPT, I THINK, TO ADDRESS THIS. I WAS STARTING
4 TO BRING IT UP BECAUSE I THINK I KNOW WHAT THEY
5 WERE TRYING TO DO HERE; BUT IF YOU TRY TO DIAGRAM
6 THE SENTENCE, IT DOESN'T WORK VERY WELL. SO MAYBE
7 IT'S BECAUSE OF THIS DIFFICULTY WE'RE TALKING
8 ABOUT THAT THAT'S WHY THE WORDING WOUND UP LIKE
9 THAT. BUT I DO THINK THERE'S AN ATTEMPT THERE TO
10 MAKE REFERENCE TO THE IDEA THAT THERE COULD BE
11 ANOTHER PROCESS BY WHICH LOANS GET BEFORE THE
12 COMMITTEE OTHER THAN RECOMMENDATION FOR APPROVAL.

13 MR. YOUNG: CORRECT.

14 MEMBER CHESBRO: IS THAT A CORRECT
15 INTERPRETATION?

16 MR. YOUNG: THAT IS CORRECT. AND THAT
17 WAS ACTUALLY THE NEXT ITEM THAT I WAS GOING TO
18 BRING UP IS A COMMENT AND TO POINT TO THIS HERE.
19 THIS, AGAIN, EXPANDS THE FLEXIBILITY FOR THE LOAN
20 COMMITTEE TO NOT ONLY CONSIDER THE LOAN APPLICANTS
21 THAT THE STAFF BRING FORWARD WITH RECOMMENDATIONS,
22 BUT ALSO ANY OF THOSE THAT ARE BROUGHT FORWARD FOR
23 ANY RECONSIDERATION OR BASICALLY ANYTHING ELSE
24 APPROVED BY THE BOARD FOR RECONSIDERATION OF THE
25 APPLICATION HOWEVER THAT'S DETERMINED. BUT IT

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1 AFFORDS THAT DEGREE OF FLEXIBILITY.

2 MEMBER CHESBRO: I JUST THINK THERE NEEDS
3 TO BE ANOTHER VERB PROBABLY.

4 MR. YOUNG: WORDSMITHING.

5 MEMBER CHESBRO: IT'S NOT A VERB
6 PROBABLY. IT SAYS SOMETHING LIKE OR UTILIZE OTHER
7 PROCESSES OR THERE'S SOMETHING MISSING THERE.

8 MS. TRGOVCICH: SO THE SECTION THAT
9 CALVIN IS REFERRING TO IS AT THE BOTTOM OF PAGE
10 10. AND MAYBE JUST TO KIND OF ADVISE YOU WHY YOU
11 SEE SO MUCH REDLINE THERE, WHEN WE WERE REVIEWING
12 THE REGULATIONS LAST NIGHT, WE NOTICED THAT THE
13 SECTION TITLE "PROCESS FOR LOAN COMMITTEE REVIEW"
14 INCLUDED BOTH ITEMS PERTAINING TO THE ESTABLISH-
15 MENT OF A COMMITTEE AND THE PROCESS FOR REVIEW.
16 SO WE JUST BROKE IT OUT INTO TWO SECTIONS, WHICH
17 IS WHY YOU SEE SO MUCH REDLINE THERE.

18 BUT THE SECTION CALVIN IS REFERRING
19 TO, SECTION B AT THE BOTTOM OF PAGE 10, AND IT
20 SAYS, "THE LOAN COMMITTEE SHALL EVALUATE THE STAFF
21 ANALYSIS OF LOAN REQUESTS PRESENTED BY BOARD STAFF
22 PURSUANT TO THE REVIEW PROCESS OF SECTION 17935.4
23 OF THIS ARTICLE OR THESE PROCESSES APPROVED BY THE
24 BOARD FOR RECONSIDERATION OF APPLICATIONS AND MAKE
25 ITS RECOMMENDATION TO THE BOARD."

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1 MEMBER CHESBRO: SO THAT ACTUALLY WAS
2 INTENDED TO MODIFY PURSUANT TO, I GUESS. I
3 SUDDENLY FIGURED OUT, BUT IT'S A LITTLE CONFUSING.
4 BUT I THINK THAT THAT ATTEMPTS TO DO -- I THINK
5 THEY'RE TRYING TO DO WHAT YOU WERE TALKING ABOUT,
6 MR. PENNINGTON, IF I UNDERSTOOD YOU CORRECTLY, IN
7 TERMS OF THE IDEA OF MAKING PROVISION IN HERE FOR
8 THE FACT THAT THERE WOULD BE OTHER PROCESSES. IT
9 DOESN'T SPECIFY IT.

10 MS. TRGOVCICH: NOT KNOWING WHAT IT IS
11 RIGHT NOW.

12 MEMBER CHESBRO: IT DOES MAKE REFERENCE
13 TO IT.

14 MR. YOUNG: AND LEAVES THE DOOR OPEN.

15 CHAIRMAN RELIS: HOWARD JUST HANDED ME
16 SOME POSSIBLE LANGUAGE THAT WE MIGHT CONSIDER IN
17 THIS. AND I JUST OFFER IT FOR MAYBE GUIDANCE.
18 COULD PUT IN A REFERENCE STAFF SHALL ALSO FORWARD
19 NONAPPROVED APPLICATIONS FOR LOAN COMMITTEE REVIEW
20 IN ACCORDANCE WITH ANY GUIDANCE DEVELOPED BY THE
21 LOAN COMMITTEE, SOMETHING LIKE THAT.

22 MS. TRGOVCICH: I THINK THAT'S THE SAME
23 CONCEPT WE WERE TRYING TO GET AT, AND THAT MAY BE
24 A MORE CLEARER WAY OF GETTING TO IT.

25 MEMBER CHESBRO: CAN YOU READ IT ONE MORE

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1 TIME?

2 CHAIRMAN RELIS: STAFF SHALL ALSO FORWARD
3 NONAPPROVED LOAN -- APPLICATIONS FOR LOAN
4 COMMITTEE REVIEW IN ACCORDANCE WITH ANY GUIDANCE
5 DEVELOPED BY THE LOAN COMMITTEE. I THINK THAT
6 SINCE THAT IS UNDEVELOPED AT THIS TIME AND I DON'T
7 KNOW WHETHER THE COMMITTEE -- THE COMMITTEE JUST
8 MET. WHEN --

9 MS. TRGOVCICH: FEBRUARY 25TH THEY MET.
10 THEY WILL MEET JUNE 9TH. REMEMBER, THESE
11 REGULATIONS ALLOW US TO GO FROM THE QUARTERLY
12 MEETING TO THE MONTHLY.

13 CHAIRMAN RELIS: I MEAN I JUST OFFER THAT
14 AS AN IDEA. I DON'T KNOW WHETHER --

15 MEMBER CHESBRO: WITHOUT GETTING FINAL,
16 WHICH WE DON'T NEED TO, I THINK CONCEPTUALLY STAFF
17 COULD WORK WITH THAT. THAT WOULD BE MY
18 SUGGESTION.

19 MS. TRGOVCICH: WE WILL -- MAYBE AT THE
20 END OF THIS, WHAT WE WILL DO IS KIND OF JUST
21 SUMMARIZE THE CHANGES AND MAKE SURE THAT WE WILL
22 BE RUNNING THIS THROUGH YOUR OFFICES TO MAKE SURE
23 THAT WE GET YOUR INPUT, THAT THIS IS WHAT YOU WANT
24 TO SEE BEFORE IT GOES.

25 MEMBER PENNINGTON: MR. CHAIRMAN, I'M

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1 SORRY. I'M GOING TO HAVE TO LEAVE. OUR FRIEND,
2 MR. STROCK, WANTS TO SEE ME.

3 BUT I WOULD LIKE TO ASK ONE QUESTION
4 ON THIS 17935.55 DEALING WITH THE QUORUM. AS I
5 READ THIS, WE MOVED THE SIZE OF THE COMMITTEE TO
6 12 AND THE QUORUM IS FIVE?

7 CHAIRMAN RELIS: FOUR, I THINK.

8 MEMBER CHESBRO: IT SAYS FIVE IN THIS
9 REVISED.

10 MEMBER PENNINGTON: THAT MEANS FOR
11 APPROVAL IT WOULD ONLY TAKE THREE COMMITTEE
12 MEMBERS?

13 MS. TRGOVCICH: I BELIEVE THAT THE --
14 MAYBE JUST TO STEP IN HERE, CALVIN. THE
DIRECTION

15 AT LAST FALL'S COMMITTEE MEETING WAS TO DROP THE
16 QUORUM TO FOUR. WE HAD INCREASED THE NUMBER OF
17 MEMBERS TO 12; WE HAD DROPPED THE QUORUM THAT WAS
18 THIS COMMITTEE'S RECOMMENDATION THAT THE QUORUM
BE
19 DROPPED TO FOUR, WHICH WOULD MAKE IT DIFFICULT TO
20 GAIN APPROVAL, WHICH IS WHY THE LEGAL OFFICE HAS
21 MADE A SUBSEQUENT RECOMMENDATION WHICH IS
22 REFERENCED IN THE REGS. AND I'LL HAVE DEBBIE
23 SUMMARIZE THAT.

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24 MEMBER PENNINGTON: WELL, I GUESS IT
JUST
25 MEANS THAT ONLY THREE PEOPLE WOULD APPROVE. WE

1 HAVE 12 PEOPLE, THAT'S A FOURTH OF THE COMMITTEE.

2 MS. TRGOVCICH: AND I THINK THAT ONE OF
3 THE THINGS THAT WE DESCRIBED LAST OCTOBER WAS THAT
4 IT IS VERY DIFFICULT TO BE ABLE TO GET A QUORUM OF
5 THE COMMITTEE. THESE ARE ALL BUSINESS PEOPLE.
6 THEY HAVE BOARDS OF THEIR OWN. AND I CAN TELL YOU
7 THAT SINCE I TOOK THIS JOB LAST JUNE, THERE HAVE
8 BEEN THREE LOAN COMMITTEE MEETINGS, AND EACH ONE
9 OF THOSE HAS BEEN ON THE FENCE THE NIGHT BEFORE
10 THE COMMITTEE MEETING BECAUSE WE HAD COMMITMENTS
11 THAT WERE FALLING THROUGH.

12 MEMBER PENNINGTON: I UNDERSTAND THAT.
13 AND I DO APPRECIATE THAT. I JUST WANT TO BRING UP
14 THE FACT THAT AN APPLICATION COULD BE APPROVED BY
15 ONLY THREE PEOPLE WHEN WE HAVE A COMMITTEE OF 12.

16 MEMBER CHESBRO: I THOUGHT WITH THIS
17 REVISED VERSION THEY WERE FIVE AND FIVE, WEREN'T
18 YOU? MAYBE I MISUNDERSTOOD. AGAIN, IT MAY NOT BE
19 WRITTEN AS CLEARLY AS IT COULD BE. YOU SAID AND
20 SHALL CONSTITUTE A RECOMMENDATION OF THE
21 COMMITTEE, WHICH I PRESUMED MEANT FIVE AND FIVE.
22 A QUORUM IS FIVE, BUT THAT ALL FIVE WOULD HAVE TO
23 VOTE FOR IT TO APPROVE IT.

24 MR. YOUNG: I THINK SINCE THE NUMBERS
25 WERE CHANGED TO FIVE BASED ON LEGAL OFFICE'S

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1 OPINION, I THINK DEBORAH WOULD BE IN THE BEST
2 POSITION TO RESPOND.

3 MS. BORZELLERI: AS FAR AS THE VOTING, I
4 NEED TO LOOK INTO THAT. BUT WHAT WE WERE LOOKING
5 AT WAS THE SAME ISSUE THAT MR. PENNINGTON HAS
6 RAISED, THAT ORDINARILY A QUORUM IS ESTABLISHED
SO
7 THAT YOU CAN HAVE AN ADEQUATE REPRESENTATION OF
8 THE GROUP. HAVING SUCH A LARGE GROUP, ORDINARILY
9 A QUORUM WOULD BE SEVEN. WE'RE VERY
UNCOMFORTABLE

10 GOING LOWER THAN SEVEN; BUT IN AN ACCOMMODATION
OF
11 THE FACT THAT WE'RE UNABLE TO GET THE QUORUM
12 AVAILABLE AS OFTEN AS WE WOULD LIKE, WE SORT OF
13 MADE A COMPROMISE AT FIVE.

14 WE STILL FEEL THAT AS A PUBLIC BODY
15 WE MAY HAVE SOME DIFFICULTY JUSTIFYING THIS
16 PROCESS WERE WE TO BE CHALLENGED.

17 MEMBER CHESBRO: BUT THE MAJORITY THAT
IT
18 TAKES IN MOST ORGANI- -- MOST BODIES, THE
MAJORITY

19 THAT IT TAKES TO CONSTITUTE A RECOMMENDATION OR A
20 VOTE DOESN'T NORMALLY DROP TO A MAJORITY OF WHAT
21 THE QUORUM IS. FOR EXAMPLE, IF WE HAD FOUR BOARD

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22 MEMBERS PRESENT, IT WOULDN'T SUDDENLY BE THAT --

23 MEMBER PENNINGTON: THAT'S BECAUSE OURS

24 IS IN STATUTE.

25 MEMBER CHESBRO: BUT I MEAN CITY

1 COUNCILS, LEGISLATIVE COMMITTEES, ETC., YOU DON'T
2 NORMALLY WIND UP WITH THE -- IF THERE'S A MINIMUM
3 QUORUM AVAILABLE, THEN IT'S HALF OF THAT IS WHAT
4 IT TAKES TO PASS IT OUT.

5 MEMBER PENNINGTON: SURE, IT IS.

6 MEMBER CHESBRO: IT'S USUALLY A
7 MAJORITY --

8 MEMBER PENNINGTON: YOU'VE GOT A QUORUM,
9 THAT MEANS YOU'VE GOT GENERALLY MORE THAN HALF THE
10 MEMBERS THERE.

11 MEMBER CHESBRO: BUT THE VOTING
12 REQUIREMENT DOESN'T DROP IN HALF BECAUSE YOU'VE
13 ONLY GOT HALF THE MEMBERS THERE.

14 MEMBER PENNINGTON: OH, BUT IT'S HALF
15 PLUS ONE OF THE QUORUM.

16 MEMBER CHESBRO: HALF. THAT'S NOT --
17 I'VE NEVER --

18 MEMBER PENNINGTON: THAT'S WHY THEY PUT
19 BILLS ON CALL IS TO GET BACK TO A QUORUM TO AT
20 LEAST GET THAT --

21 MEMBER CHESBRO: YOU'RE NOT ABLE TO PASS
22 A BILL OUT WITH A THIRD OR A FOURTH OF THE
23 COMMITTEE MEMBERS VOTING AFFIRMATIVELY NORMALLY.
24 IT USUALLY TAKES --

25 MEMBER PENNINGTON: SURE, YOU ARE. IF

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1 IT'S A SEVEN-PERSON COMMITTEE, ALL YOU NEED IS
2 FOUR VOTES.

3 MEMBER CHESBRO: RIGHT. BUT IF THERE'S
4 FOUR MEMBERS, THEN IT DOESN'T JUST TAKE TWO VOTES
5 TO GET IT OUT.

6 MEMBER PENNINGTON: NO.

7 MEMBER CHESBRO: THE MAJORITY NEEDS TO
BE

8 BASED ON WHAT YOUR -- NEEDS TO BE AS CLOSE AS
9 POSSIBLE TO A MAJORITY OF THE BODY, NOT THE
10 MAJORITY OF THE QUORUM THAT ARE PRESENT. WE'RE
11 AGREEING. I JUST DON'T THINK IT'S A COMMON
12 PRACTICE ELSEWHERE AND WE SHOULDN'T DO IT
EITHER,

13 MAKE IT A MINORITY OF A MINORITY BE -- WIND UP
14 MAKING A DECISION.

15 MEMBER PENNINGTON: I THINK THAT'S
WHAT

16 WE'RE DOING HERE.

17 MS. TRGOVCICH: LET ME JUST POINT YOUR
18 ATTENTION TO PAGE 10, SUBSECTION F THAT IS
STRUCK

19 OUT, WHICH WAS THE PRIOR LANGUAGE, CALVIN; IS
THAT

20 CORRECT?

21 MR. YOUNG: ON F.

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22 MS. TRGOVCICH: THE TOP ONE-THIRD OF
THE

23 PAGE.

24 MR. YOUNG: CORRECT.

25 MS. TRGOVCICH: AND THAT LANGUAGE,
WHICH

1 IS HOW THE COMMITTEE OPERATES, IS THE LOAN
2 COMMITTEE SHALL MEET -- WELL, IT WAS QUARTERLY.
3 WE CHANGED IT TO MONTHLY AS NEEDED -- THE
4 CONCURRENCE OF A MAJORITY OF COMMITTEE MEMBERS
5 PRESENT AT A MEETING SHALL CONSTITUTE A
6 RECOMMENDATION.

7 MEMBER CHESBRO: I THINK IF WHAT WE'RE
8 AFTER IS THAT WE'RE GOING TO ESTABLISH A FIVE-
9 MEMBER QUORUM, IF WE WANT TO MAKE SURE THAT IT
10 TAKES FIVE VOTES THEN TO APPROVE IT, WE SHOULD
11 JUST SAY THAT. YOU KNOW, WE SHOULD SAY A QUORUM
12 IS X AND HERE'S HOW MANY VOTES CONSTITUTES AN
13 ACTION. FIVE AFFIRMATIVE VOTES WOULD BE MY
14 SUGGESTION.

15 MS. TRGOVCICH: YOU CAN CERTAINLY DO
16 THAT. ONLY THING I WANT TO POINT YOUR ATTENTION
17 TO IS WE'VE HAD EXTREME DIFFICULTY IN GETTING
18 THESE MEETINGS ESTABLISHED. WE WILL DO OUR BEST.

19 CHAIRMAN RELIS: NOW, THE TELECONFERENCE
20 WAS ADDED OR THE ABILITY TO TELECONFERENCE WAS
21 ADDED WHEN? WHEN DID WE START DOING THAT?

22 MEMBER PENNINGTON: MR. CHAIRMAN, I HAVE
23 TO LEAVE. I'M SORRY.

24 MR. YOUNG: I THINK THAT WAS EFFECTIVE
25 JANUARY 1 OF THIS YEAR, IF MEMORY SERVES.

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1 CHAIRMAN RELIS: CAN WE UTILIZE THAT
2 APPROACH?

3 MS. TRGOVCICH: YES, WE HAVE. AND I
4 BELIEVE WHAT THE STATUTE SAYS IS THAT WE JUST HAVE
5 TO HAVE SOMEONE PRESENT AT THE LOCATION WHERE
6 THE --

7 MR. YOUNG: IT HAS TO BE NOTICED AND IT
8 HAS TO BE ACCESSIBLE TO THE PUBLIC AND THAT WE --
9 THE LOAN COMMITTEE MEMBER TYPICALLY WOULD BE AT
10 THAT LOCATION.

11 CHAIRMAN RELIS: THEY HAVE TO GO TO A
12 SPECIFIC LOCATION?

13 MR. YOUNG: TYPICALLY IT WOULD BE AT
14 THEIR OFFICE BECAUSE THEY'RE NOT ABLE TO GET AWAY.
15 AT LEAST THAT'S WHAT IT WAS --

16 CHAIRMAN RELIS: THE PUBLIC WOULD BE
17 INVITED TO GO TO THEIR OFFICE?

18 MEMBER CHESBRO: BUT YOU HAVE TO KNOW WAY
19 IN ADVANCE AS WELL THAT THAT'S WHAT'S GOING TO
20 HAPPEN.

21 CHAIRMAN RELIS: HAVE COMMITTEE MEMBERS
22 VOTED ON LOANS THAT WAY?

23 MR. YOUNG: I BELIEVE THEY DID THIS LAST
24 TIME.

25 MEMBER CHESBRO: DID THAT HELP SOLVE THE

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1 PROBLEM?

2 CHAIRMAN RELIS: YEAH, DID IT?

3 MS. TRGOVCICH: IT GAVE US THE ONE MEMBER
4 TO GET THE QUORUM.

5 MR. YOUNG: IT ENHANCED THE CONVENIENCE
6 FOR THE COMMITTEE MEMBER WHICH PERHAPS ENCOURAGES
7 THEIR PARTICIPATION MORE.

8 MEMBER CHESBRO: AM I READING WHAT YOU'VE
9 WRITTEN IN THE NEW VERSION OF .55(A), THAT YOU
10 MEANT FOR IT TO SAY FIVE AND FIVE? LET'S SEE
11 HERE. A QUORUM SHALL CONSIST OF FIVE MEMBERS
12 PRESENT AT THE MEETING AND SHALL CONSTITUTE A
13 RECOMMENDATION OF THE COMMITTEE.

14 MS. TRGOVCICH: IS THAT WHAT YOU
15 INTENDED, CALVIN, THAT IT WOULD TAKE THE FULL FIVE
16 MEMBERS PRESENT SO IT WOULD HAVE TO BE A FIVE ZERO
17 VOTE?

18 MR. YOUNG: IN THE PAST IT TYPICALLY HAS
19 BEEN. THERE HAS BEEN -- WELL, IT'S USUALLY BEEN A
20 UNANIMOUS ONE WAY OR THE OTHER. THERE HAVE BEEN
21 SITUATIONS WHERE THERE HAVE BEEN ABSTENTIONS
22 BECAUSE OF CONFLICT OF INTEREST. SO I'M NOT SURE
23 HOW IS THAT ADDRESSED. IF WE HAVE FIVE PEOPLE
24 THERE AND ONE ABSTAINED BECAUSE OF CONFLICT,
25 WHAT'S NECESSARY TO CARRY.

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1 MS. BORZELLERI: I STILL NEED TO LOOK AT
2 THESE RULES ABOUT VOTING BECAUSE I'M NOT VERY
3 CLEAR ON THEM.

4 CHAIRMAN RELIS: BECAUSE THERE'RE TWO.
5 ONE IS WE DON'T WANT TO BE VULNERABLE TO A
6 CHALLENGE ON A VOTE ON A LOAN. I MEAN I THINK
7 THAT WOULD BE A DISASTER.

8 MEMBER CHESBRO: THE PERSPECTIVE WE NEED
9 TO KEEP TOO, THOUGH, IS THAT THIS IS A RECOMMEN-
10 DATION TO THE BOARD. SO IT'S NOT THE FINAL
11 ACTION. IT'S IMPORTANT TO US. I'M MORE CONCERNED
12 ABOUT THE QUESTION OF IT NOT BEING SUCH TINY
13 PROPORTION THAT WE DON'T REALLY GET THE SAMPLING
14 OF OPINION THAT'S THE PURPOSE OF THE LOAN
15 COMMITTEE BEING ESTABLISHED. ON THE OTHER HAND,
16 THE TECHNICALITIES OF EXACTLY WHAT THAT MEANS ARE
17 LESS OF A CONCERN TO ME, YOU KNOW.

18 CHAIRMAN RELIS: DID YOU CONSIDER THAT --
19 LET'S JUST THROW OUT THE IDEA THAT MAYBE 12 IS AN
20 AWFULLY BIG NUMBER AGAINST A SMALL VOTING BLOCK.
21 WHAT IF YOU WENT TO SEVEN?

22 MS. TRGOVCICH: THAT'S WHAT WE'RE AT
23 RIGHT NOW.

24 MR. YOUNG: WE ARE CURRENTLY AT SEVEN.
25 CHAIRMAN RELIS: WE'RE CURRENTLY AT

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1 SEVEN; WE STAY AT SEVEN, AND WE NEED FOUR, AND YOU
2 ARE SAYING WE CAN'T GET --

3 MR. YOUNG: WE HAVE EXTREME DIFFICULTY
4 GETTING FOUR. WE HAD -- YOU MAY REMEMBER WE HAD
5 THIS DISCUSSION I THINK IT WAS AT THE OCTOBER
6 MEETING, AND VARIOUS NUMBERS WERE KICKED AROUND AS
7 FAR AS HOW MANY MEMBERS, THE COST OF TRAVEL, AND
8 VARIOUS OTHER ASPECTS, THE IDEA OF ALTERNATES OR
9 SURROGATES OR WHATEVERS. AND BASICALLY IT WAS MY
10 UNDERSTANDING OR RECOLLECTION THAT THERE WAS
11 CONSENSUS ON A NUMBER OF 12 FOR THE NUMBER
12 OF

13 COMMITTEE MEMBERS, AND THAT THE MARKET
14 DEVELOPMENT

15 COMMITTEE IDENTIFIED FOUR AS WHAT WOULD BE
16 COMFORTABLE AS A QUORUM.

17 CHAIRMAN RELIS: I THINK WE'VE
18 JUST BEEN,

19 LIKE YOU, GROPING FOR A WAY TO MAKE SURE
20 THAT THE

21 NORMAL -- THE BUSINESS FUNCTION IS
22 SUSTAINED WITH

23 WHAT LOOKS FEASIBLE. AND YOU TOLD US THAT
24 THE

25 CURRENT SYSTEM WASN'T GOING TO GUARANTEE
26 THAT.

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20 MR. YOUNG: I BELIEVE THAT IF WE
CAN HAVE
21 FIVE, WE COULD PROBABLY CARRY IT OFF. WE
MAY HAVE
22 TO DO SOME TELECONFERENCING IN ORDER TO
ACCOMPLISH
23 IT. BUT NOT WANTING TO HAVE TOO MUCH OF A
LESSER
24 NUMBER BECAUSE WE WANT TO HAVE THE ABILITY
TO KIND
25 OF ROTATE THEM AROUND SO WE DON'T BURN THEM
OUT,

1 BECAUSE HOPEFULLY WE'LL BE GOING TO MONTHLY
2 MEETINGS INSTEAD OF QUARTERLIES, WHICH WILL
3 INCREASE THE REQUIREMENT ON THE VOLUNTEER
MEMBERS.

4 CHAIRMAN RELIS: OKAY. WELL, WHAT I
5 WOULD SUGGEST AT THIS POINT, WE NEED A LITTLE
MORE

6 WORK ON THE LEGALITIES OF WHAT WE'RE DOING HERE.

7 MEMBER CHESBRO: IF IT'S LEGAL, IT WOULD
8 BE SATISFACTORY TO ME TO HAVE IT BE FIVE AND
FIVE.

9 AND THE QUORUM FOR ACTION WOULD CONSTITUTE 5,
10 WOULD BE FIVE, AND AN AFFIRMATIVE VOTE OF THE
FIVE

11 MEMBERS THEN WOULD CONSTITUTE APPROVAL.

12 CHAIRMAN RELIS: SO WE'LL BE HEARING
BACK

13 FROM YOU, DEBORAH.

14 MS. BORZELLERI: RIGHT.

15 ONE OTHER POINT I WANTED TO RAISE
16 ABOUT THE TELECONFERENCING, I DID LOOK UP THE
17 STATUTE. THAT PROVISION IS ONLY IN EFFECT UNTIL
18 JANUARY 1, '98. SO...

19 CHAIRMAN RELIS: SO THIS WOULD BE A
20 ONE-YEAR DEAL.

21 MS. BORZELLERI: OR A FEW MORE MONTHS,

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AS

22 WE LOOK IT. I DON'T KNOW WHAT THE PLAN IS, IF --
23 WHAT BROUGHT THAT IN TO BEGIN WITH AND IF THEY'RE
24 ASKING TO CONTINUE IT. SO WE CAN PROBABLY CHECK
25 ON THAT AS WELL.

1 CHAIRMAN RELIS: WELL, I'D SUGGEST WE GO
2 ON. WE SEEM TO BE AT A POINT OF CLARIFICATION.
3 OKAY. NEXT.

4 MEMBER CHESBRO: ANOTHER MINOR EDITORIAL
5 COMMENT THAT YOU OBVIOUSLY WOULD DISCOVER WITHOUT
6 ME SAYING IT, BUT THE NEXT ONE -- NEXT SECTION
7 UNDER 55 NEEDS TO BE C.

8 MR. YOUNG: CORRECT. AND THE REST BE
9 PARAGRAPHEDED ACCORDINGLY.

10 COMMENT NO. 40, AND LUCKY US, THIS
11 IS THE LAST ONE. THE QUESTION WAS WHETHER THE
12 PREVIOUSLY ADOPTED BOARD POLICY OF WHAT'S COMMONLY
13 REFERRED TO AS THE 90-90 RULE, ALLOWING FOR THE
14 COMMITMENT OF A LOAN TO BE VALID FOR 90 DAYS WITH
15 THE EXTENSION OF THAT LOAN COMMITMENT FOR AN
16 ADDITIONAL 90 DAYS, IF THE LOAN IS NOT CLOSED
17 WITHIN THAT TIME PERIOD, THE COMMITMENT TO
18 PROVIDE

19 FUNDING IS WITHDRAWN AND THE APPLICANT HAS TO
20 REAPPLY.

21 THE QUESTION IS WHETHER THAT
22 SHOULD

23 HAVE BEEN PUT -- NOW THAT POLICY PUT INTO
24 STATUTE -- PARDON ME -- INTO REGULATIONS. STAFF
25 AGREES AND HAS ADDED IT IN 17935.6(B), ASSUMING

26 I

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24 HAVE MY NUMBERS RIGHT HERE NOW, ON THE LAST

PAGE,

25 PAGE 11. AND BASICALLY STATES THE BOARD'S LOAN

1 COMMITMENT SHALL BE IN EFFECT FOR A PERIOD OF 90
2 DAYS FOLLOWING BOARD APPROVAL. THE LOAN
3 COMMITMENT MAY BE EXTENDED AT THE BOARD'S
4 DISCRETION FOR AN ADDITIONAL 90 DAYS, WHICH IS
5 CONSISTENT WITH THE PREVIOUSLY ADOPTED BOARD
6 POLICY.

7 CHAIRMAN RELIS: SO THAT COMPLETES YOUR
8 REVIEW OR YOUR SUMMATION, OR IS THERE MORE?

9 MS. TRGOVCICH: ARE YOU TALKING IN TERMS
10 OF COMMENTS ON THE REGS? THAT COMPLETES THE
11 PRESENTATION OF COMMENTS AT THIS POINT.

12 I THINK THAT WE HAVE A COUPLE OF
13 JUST OPEN-ENDED ISSUES. ONE WAS THE LOAN WE JUST
14 CONCLUDED DISCUSSING WAS THE ISSUE AROUND THE
15 VOTING. ANOTHER ONE WHICH WAS AN ISSUE AROUND THE
16 TIRE PROJECTS AND WHETHER WE WANT TO ADD A
17 SECTION. AND I WOULD PROPOSE, MR. CHAIRMAN, THAT
18 WHAT WE WOULD DO IS IN THE NEXT WEEK OR SO, WE
19 WILL GO THROUGH, CLEAN UP THE LANGUAGE TO MAKE
20 SURE THAT THE NUMBERING IS ALL CORRECT AND THE
21 SUBLETTERS AND THAT THE GRAMMAR IS CORRECT, AND WE
22 WOULD MAKE THESE PROPOSED CHANGES AND SEND THEM
23 BACK TO YOUR OFFICES FOR REVIEW. AND ONCE WE

GOT

24 CONCURRENCE FROM THE OFFICES, WE WOULD SEND THIS
25 OUT FOR A SUBSEQUENT 15-DAY COMMENT PERIOD.

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1 CHAIRMAN RELIS: OKAY. AND JUST TO
2 HIGHLIGHT, AGAIN, WHAT WE'VE TRIED TO ACCOMPLISH
3 IN THESE -- WITH THESE REVISIONS, IF I COULD
4 BROADLY STATE THAT, QUESTION OF THE TIRE POINT,
5 WHICH YOU RAISED, THE NUMBER OF MEMBERS IN THE
6 QUORUM. WE HAVE BUILT INTO THESE REVISED
7 REGULATIONS THE CONTINUOUS PROCESSING OF LOANS,
8 WHICH WAS A MAJOR CONSIDERATION, AND PROBABLY ONE.
9 THE CLARIFICATION OF WHEN THE LOAN FEE IS DUE AND
10 THE SPECIFIC INCLUSION OF SOURCE REDUCTION AS AN
11 ALLOWABLE LOAN ACTIVITY. AND THE FURTHER
12 CLARIFICATION ON THE LOAN COMMITTEE REVIEW AND
13 RECOMMENDATION OF NONAPPROVED, POTENTIALLY
14 NONAPPROVED LOANS, THOSE COMING BEFORE THE LOAN
15 COMMITTEE FOR DISCUSSION AND POSSIBLE
16 CONSIDERATION. IS THAT OKAY?

17 MEMBER CHESBRO: THIS WILL COME BACK TO
18 COMMITTEE NEXT MONTH?

19 MS. TRGOVCICH: THIS WILL COME BACK. WE
20 WILL GO OUT TO A SUBSEQUENT 15-DAY COMMENT PERIOD.

21 WHAT I DO WANT TO SAY, THOUGH, AS A
22 CAUTIONARY NOTE, IS THAT DEPENDING UPON WHEN WE
23 GET THE FINAL DRAFT OF THESE REGS READY TO GO, IT
24 MAY BE THAT WE WILL BE IN THE MIDST OF THE 15-DAY
25 COMMENT PERIOD AT THE TIME OF THE COMMITTEE

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1 MEETING IN MAY. SO IT MAY BE THAT THIS WILL JUST
2 BE AN UPDATE ON COMMENTS RECEIVED, BUT THE COMMENT
3 PERIOD WILL NOT HAVE CLOSED, SO THE COMMITTEE --
4 YOU MAY NOT FEEL COMFORTABLE TAKING AN ACTION AT
5 THAT POINT OR MAY NOT BE ABLE TO.

6 MEMBER CHESBRO: IT WOULD BE HELPFUL TO
7 HAVE THIS KIND OF CLARIFYING DISCUSSION AGAIN AT
8 THE COMMITTEE LEVEL PRIOR TO THE TAKING IT UP
9 MYSELF.

10 CHAIRMAN RELIS: SO WE WOULD THEN SEE
11 THIS IN MAY?

12 MS. TRGOVCICH: CORRECT.

13 CHAIRMAN RELIS: OKAY.

14 MEMBER CHESBRO: BUT IT MAY OR MAY NOT BE
15 A CONSIDERATION ITEM ON THE COMMITTEE.

16 MS. TRGOVCICH: WE'LL DEFINITELY INCLUDE
17 IT AS A CONSIDERATION ITEM TO GIVE THE COMMITTEE
18 THE FLEXIBILITY, BUT IT IS POSSIBLE, AND I WILL
19 JUST TELL YOU HONESTLY, LIKELY THAT WE WILL BE IN
20 THE MIDST OF A 15-DAY COMMENT PERIOD AT THAT
21 POINT.

22 MR. YOUNG: AS A CLARIFICATION, UNLESS
23 WE'RE ABLE TO GO TO NOTICE BY TUESDAY, I DO
24 BELIEVE, THERE -- THE 15-DAY PERIOD WOULD NOT HAVE
25 BEEN MET BY THE MAY 7 MEETING.

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1 MS. TRGOVCICH: THAT'S LESS THAN A WEEK
2 AWAY.

3 CHAIRMAN RELIS: BEFORE WE CONCLUDE THIS,
4 I SHOULD HAVE SAID, THAT I'D LIKE TO HEAR IF
5 ANYONE IN THE AUDIENCE HAS COMMENTS ON OUR
6 DISCUSSION HERE ON THIS MATTER. SO IS THERE A --

7 MEMBER CHESBRO: WHILE YOU'RE LOOKING AT
8 IT, MR. CHAIR, WHAT'S THE NECESSITY OF MAY? I'M
9 NOT ARGUING IT SHOULDN'T BE. I'M JUST CURIOUS.

10 MS. TRGOVCICH: I WOULD SAY THAT THE
11 TIMING OF THIS PACKAGE IS REALLY ONE OF GOING TO A
12 CONTINUOUS CYCLE AND A MONTHLY MEETING SCHEDULE ON
13 THE PART OF THE LOAN COMMITTEE. THAT'S WHAT WOULD
14 BE DRIVING THE TIMING.

15 MR. YOUNG: THERE HAS BEEN A GREAT DEAL
16 OF INTEREST IN THE ONGOING APPLICATION CYCLE AS
17 WELL AS THE SOURCE REDUCTION, WHICH HAS BEEN A
18 COUPLE OF HOT BUTTONS FOR MANY ZONE ADMINI-
19 STRATORS.

20 CHAIRMAN RELIS: WE HAVE SOMEONE WHO
21 WISHES TO COMMENT, I BELIEVE, MR. BITAR. COULD
22 YOU COME FORWARD AND IDENTIFY YOURSELF ON THE MIKE
23 HERE SO WE HAVE IT AS PART OF THE RECORD.

24 MR. BITAR: VICTOR BITAR, CHAIRMAN, CEO,
25 OF ECO FOCUS, INC. THE CONCERN THAT I HAVE HERE

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1 IS IN ORDER TO STRENGTHEN THE LOAN COMMITTEE, IF
2 ALL THE MEMBERS OF THE LOAN COMMITTEE ARE JUST
3 FINANCIAL PEOPLE, I THINK THE COMMITTEE WOULD BE A
4 LOT WEAKER FOR NOT HAVING SOMEONE WHO IS INVOLVED
5 IN THE RECYCLING INDUSTRY TO BRING INPUT THAT
6 COULD REALLY GIVE A DIFFERENT DIMENSION TO THE
7 VIABILITY OF THE OPERATION AND THE NEED AS WELL.
8 SO MY SUGGESTION IS TO POSSIBLY CONSIDER ADDING A
9 RECYCLER OR SOMEBODY WHO IS INVOLVED IN THE
10 RECYCLING INDUSTRY TO THE COMMITTEE TO STRENGTHEN
11 THE COMMITTEE.

12 CHAIRMAN RELIS: OKAY.

13 MS. TRGOVCICH: MR. CHAIRMAN, AS YOU WILL
14 NOTE, AND I'M NOT QUITE SURE AND MAYBE CALVIN CAN
15 TELL YOU WHICH COMMENTS THEY ARE, BUT WE DID
16 RECEIVE COMMENTS TO THAT EFFECT. AND THE STAFF
17 AND THE STAFF RECOMMENDATION IS WE CURRENTLY DO
18 HAVE A SOLID WASTE INTEGRATED WASTE MANAGEMENT
19 OFFICIAL ON THE COMMITTEE. THERE IS A DISTINCTION
20 BETWEEN THE ROLE OF THE COMMITTEE AND THE ROLE OF
21 THE MARKET DEVELOPMENT COMMITTEE AND THE BOARD.

22 THE ROLE OF THE LOAN COMMITTEE IS
23 ONE OF EVALUATING THE CREDITWORTHINESS OF THE
24 APPLICATION, OF EVALUATING THE UNDERWRITING
25 ACTIVITY, ETC., AND WE VIEW THE ROLE OF THE
MARKET

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1 DEVELOPMENT COMMITTEE AND THE BOARD AS BEING THE
2 POLICY BODY TO LOOK AT THE PROJECT'S APPROPRIATE-
3 NESS, ETC.

4 WE DO HAVE THAT ONE MEMBER ON THE
5 COMMITTEE RIGHT NOW, AND I BELIEVE THAT THAT
6 MEMBER MANY TIMES, YOU KNOW, DOES STRUGGLE TO BE
7 ABLE TO GET THOROUGHLY INVOLVED AND ENMESHED IN
8 THE DISCUSSIONS AROUND EACH APPLICATION AS IT IS
9 DISCUSSED.

10 CHAIRMAN RELIS: NOW, I WOULD JUST
11 OFFHAND IN RESPONSE TO YOUR THOUGHTS, MR. BITAR,
12 BE CONCERNED ABOUT -- WELL, SPECIALIZED KNOWLEDGE
13 IS EXCEEDINGLY VALUABLE. WOULDN'T IT BE DIFFICULT
14 FOR A PARTY MAKING JUDGMENTS ABOUT LOANS THAT HAD
15 A BUSINESS INTEREST POTENTIALLY BE IN A CONFLICT
16 OF INTEREST REGARDING LOANS THAT MIGHT FALL IN
17 THEIR PURVIEW OF BUSINESS? LET'S SAY IN YOUR
18 CASE, I THINK YOU'RE WITH A PLASTICS RECYCLING
19 FIRM, SO IF OTHER LOANS CAME FORWARD THAT WERE OF
20 A PLASTICS NATURE, AND LET'S JUST SAY HYPOTHE-
21 TICALLY YOU WERE ON THE COMMITTEE, WOULDN'T IT BE
22 DIFFICULT FOR YOU? COULDN'T IT -- WOULDN'T YOU BE
23 IN A POSITION OF CONFLICT TO MAKE A DETERMINATION
24 ON A POTENTIAL COMPETITOR?

25 MR. BITAR: IT WOULD BE A CONFLICT IF MY

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1 VOICE IS GOING TO BE SO SIGNIFICANT IN THE
2 DECISION-MAKING OR IN THE FINAL DECISION. BUT I
3 SPEAK FROM EXPERIENCE BOTH AS A COMMERCIAL LENDING
4 OFFICER BEFORE AS WELL AS A RECYCLER.

5 I BELIEVE SINCERELY THAT IN MOST
6 SITUATIONS THAT I'VE BEEN EXPOSED TO ALL OVER THE
7 COUNTRY, THE BIGGEST CHALLENGE IS FOR PEOPLE WHO
8 HAVE NEVER BEEN IN THESE NITTY-GRITTY SITUATIONS
9 THAT MAKE A PROJECT SUCCEED OR FAIL IS THE FACT
10 THAT THEY COME FROM A TOTALLY DIFFERENT FRAME OF
11 REFERENCE.

12 SO THEY HAVE NO REAL IDEA ABOUT --
13 YOU KNOW, THE NUMBERS MAY LOOK ABSOLUTELY
14 FANTASTIC; BUT IF THE EXPERIENCE IS NOT THERE, IT
15 WOULD BE FOR A REGIONAL COMPETITION, YES. AND
16 THEN I SHOULD DISQUALIFY MYSELF IF I HAPPEN TO BE
17 ON THAT COMMITTEE, FOR EXAMPLE, IF THE COMMITTEE
18 IS CONSIDERING A LOAN APPLICATION OF A POTENTIAL
19 COMPETITOR IN THE SAME REGION. BUT IF IT'S NOT
20 WITHIN THE SAME REGION, THEN IT'S REALLY
21 IMMATERIAL. BUT THAT'S MY SUGGESTION. AND THANK
22 YOU VERY MUCH.

23 MEMBER CHESBRO: THE ONE THING THAT
COMES
24 TO MY MIND IN RESPONSE TO MR. BITAR'S COMMENT IS,

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25 AND I DON'T KNOW HOW YOU DO THIS, TO TELL YOU THE

1 TRUTH, BUT IF THERE WERE SUCH A THING AS SOMEBODY
2 WHO UNDERSTOOD -- HAD MORE SPECIALIZED UNDER-
3 STANDING OF FINANCING OF RECYCLING BUSINESSES PER
4 SE OR THE WAY RECYCLING BUSINESSES WORK, THEN I
5 THINK THE POINT WOULD BE WELL TAKEN BECAUSE WE DO
6 HAVE SORT OF A GENERAL FINANCIAL BACKGROUND
7 ORIENTATION AND THAT ADDITIONAL VOICE WOULD BE
8 HELPFUL.

9 THE PROBLEM IS, OF COURSE, THAT
10 RECYCLING IS NOT JUST ONE THING. AND FINDING
11 SOMEBODY WHO'S WORKED IN RECYCLING FINANCE IN
12 GENERAL SO THAT THEY CAN SPEAK JUST AS WELL ABOUT
13 PAPER AS THEY CAN PLASTIC OR JUST AS WELL ABOUT
14 PLASTIC AS THEY CAN ABOUT COMPOST, THERE'S NOT A
15 LOT OF PEOPLE AROUND WITH THAT KIND OF EXPERTISE,
16 YOU KNOW. I DON'T KNOW. I THINK GETTING THE
17 INPUT HE'S TALKING ABOUT DOES MAKE SENSE TO ME.

18 I DON'T KNOW EXACTLY HOW YOU GET
19 THERE BECAUSE WHETHER OR NOT SOMEBODY HAD
PLASTICS

20 EXPERIENCE COULD REALLY LEND THE SAME HELPFUL
21 PERSPECTIVE. WHEN YOU ARE TALKING ABOUT A
COMPOST

22 PROJECT, I'M NOT SURE THAT THAT REALLY WORKS. SO
23 I DON'T KNOW IF YOU CAN FIND THE RIGHT PERSON.

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IF

24 SOMEONE HAD A WAY TO DO IT, I CERTAINLY WOULD BE
25 OPEN TO THE IDEA.

1 MS. TRGOVCICH: I DON'T KNOW. YOU KNOW,
2 I PERHAPS, YOU KNOW, SPOKE MORE THAN I SHOULD
3 ABOUT THE PARTICIPATION IN THE LOAN COMMITTEE.
4 MAYBE JIM WOULD LIKE TO PROVIDE YOU WITH SOME
5 THOUGHTS AROUND HOW THE COMMITTEE IS OPERATED AND
6 IF THEY'VE BEEN HAMPERED BY THAT LACK OF KNOWLEDGE
7 OF THE DETAILS OF THE INDUSTRY ITSELF THAT THEY
8 MAY BE REVIEWING AN APPLICATION FOR.

9 MR. BAIRD: YEAH, I'D BE HAPPY. I'M JIM
10 BAIRD, A MEMBER OF THE LOAN COMMITTEE. WHAT I
11 WOULD SAY IS I THINK, FIRST OF ALL, THE CONCERN IS
12 A GOOD AND A REASONABLE ONE. I THINK IT HAS BEEN
13 QUITE ADEQUATELY ADDRESSED TO DATE BY THE PARTICI-
14 PATION OF ONE OF OUR MEMBERS WHO HAS REALLY A
15 SUBSTANTIAL AMOUNT OF DIRECT EXPERIENCE IN A BROAD
16 NUMBER OF RECYCLING MARKETS AND REALLY HAS COME TO
17 THE COMMITTEE WITH MORE OF THAT KIND OF A BACK-
18 GROUND THAN A FINANCING BACKGROUND.

19 I THINK THE OTHER ISSUE THAT I WOULD
20 MENTION THAT RELATES TO THIS IS THAT EVEN THOUGH
21 MANY OF US COME NOT FROM AN ENVIRONMENTAL
22 FINANCING SPECIALTY, BUT MORE OF AN ECONOMIC
23 DEVELOPMENT FINANCING SPECIALTY, IN THE ECONOMIC
24 DEVELOPMENT FIELD, WE'RE USED TO DEALING WITH
25 PUBLIC/PRIVATE PARTNERSHIPS THAT ADDRESS NICHE

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1 MARKETS, AND TYPICALLY NICHE MARKETS THAT HAVE
2 VARIOUS AND SUNDRY CONSTRAINTS, SPECIAL PURPOSE
3 BUILDINGS, NEWER INDUSTRIES THAT BANKERS AND
4 LENDERS, WHICH TEND TO BE KIND OF CREATURES OF
5 LONG-TERM HABIT, ARE NOT QUITE READY TO EMBRACE.

6 AND SO I THINK THAT WITH THE
7 ECONOMIC DEVELOPMENT EXPERIENCE THAT MANY OF US
8 HAVE, ALTHOUGH IT DOESN'T MAKE US EXPERTS IN ANY
9 ONE AREA OF THE ENVIRONMENTAL RECYCLING FIELDS, I
10 THINK IT DOES HELP US TO USE THAT TYPE OF
11 EXPERIENCE TO ADDRESS THE VARIOUS TYPES OF
12 SPECIFIC CREDIT ISSUES THAT ARISE WITHIN THE
13 ENVIRONMENTAL MARKETS.

14 ONE OTHER COMMENT I WOULD JUST MAKE
15 WHILE I'M ON HERE IN THE MOMENT REGARDING THE
16 PARTICIPATION OF THE NUMBERS AND THE QUORUMS AND
17 THE VOTING, WHICH I THINK ARE ALL GOOD CONCERNS,
18 AND I AGREE THAT WE'RE SORT OF -- IT'S KIND OF
19 BEEN AN EXPERIMENTAL PROCESS HERE TO TRY TO GET
20 THE RIGHT MIX OF MAKING SURE THAT WHEN EVERYONE
21 GOES TO ALL OF THE EFFORTS THAT THE PUBLIC, STAFF
22 MEMBERS, ETC., GO TO ALL OF THE EFFORT TO PUT A
23 MEETING TOGETHER, THAT THE MEETING ACTUALLY MAKES
24 AND THERE IS A QUORUM.

25 IN ADDITION TO KIND OF THE NUMBERS

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1 GAME OF THIS, THERE ARE ALSO SOME SORT OF
2 PRACTICAL OR INSTITUTIONAL THINGS THAT TEND TO
3 OCCUR. ONE OF THEM IS THAT WHAT WE TEND TO HAVE
4 IN TERMS OF THE COMMITTEE AS IT NOW EXISTS IS KIND
5 OF A CORE MEMBERSHIP THAT MAKE, YOU KNOW, MAYBE
6 THREE OUT OF FOUR OR FIVE OUT OF SIX MEETINGS, AND
7 THEN WE HAVE ANOTHER PART OF THE COMMITTEE
8 MEMBERSHIP WHICH -- WHOSE ATTENDANCE RECORDS
9 AREN'T QUITE SO GOOD.

10 AND SO ONE OF THE THINGS THAT I
11 WOULD PROBABLY SUGGEST IN TERMS OF TRYING TO GET
12 TO THE RIGHT MIX AND ALSO ADDRESS THE LEGAL
13 REQUIREMENTS WOULD BE SOME TYPE OF -- I UNDERSTAND
14 THAT THERE'S AN EXISTING TERM THAT PEOPLE ARE
15 APPOINTED FOR, BUT I BELIEVE ALSO SOME TYPE OF
16 MINIMUM REQUIREMENTS, WHETHER REGULATORY OR
17 POLICY, MIGHT BE APPROPRIATE IN ORDER TO REALLY
18 GET TO THE MEMBERS THAT ARE GOING TO BE COMING AND
19 BE PARTICIPATING.

20 I HAVE THE SAME TYPE OF A CONCERN
21 NOT ONLY THAT A SMALL NUMBER OF MEMBERS MIGHT BE
22 MAKING THE DECISIONS ON PARTICULAR PROJECTS, BUT
23 ALSO IT MIGHT BE A SMALL NUMBER OF PEOPLE WHO ARE
24 ENTIRELY DIFFERENT MONTH TO MONTH. AND I THINK
25 THAT THAT WOULD HAVE A LOT TO DO WITH -- COULD

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1 POSSIBLY REALLY DISRUPT THE CONTINUITY OF PROGRAM
2 GROWTH AND TRYING TO WORK TOGETHER AS A GROUP TO
3 DELIVER MORE LOANS.

4 ALSO, IN TERMS OF THE NUMBER OF
5 VOTES IT WOULD TAKE TO APPROVE A PROJECT, I
6 CERTAINLY AGREE WITH STAFF THAT WHAT WE HAVE
7 TENDED TO HAVE IN THE FUTURE, OTHER THAN SOME
8 ABSTENTIONS FOR VARIOUS AND SUNDRY REASONS, IS
9 QUITE A HIGH LEVEL OF AGREEMENT AT THE COMMITTEE
10 LEVEL. AND ONE OF THE THINGS THAT I WOULD FORESEE
11 IS THAT AS WE GO MORE TOWARDS OPENING UP THE
12 SYSTEM SUCH THAT WE'RE LOOKING AT SOME
13 APPLICATIONS THAT ARE PERHAPS A LITTLE BIT MORE
14 CHALLENGING, PERHAPS NEED SOME DIFFERENT CREATIVE
15 CREDIT ENHANCEMENTS TO MAKE THEM WORK, I THINK
16 THAT IT'S ONLY HUMAN NATURE THAT AT THE LOAN
17 COMMITTEE LEVEL, WE'RE GOING TO PROBABLY HAVE A
18 LITTLE BIT MORE DISSENSION.

19 AND I THINK THAT'S FRANKLY HEALTHY,
20 THAT WE'LL BE LOOKING AT SOME APPLICATIONS WHERE
A

21 MAJORITY OF THOSE PRESENT WOULD AGREE TO --
EITHER

22 TO APPROVE OR DECLINE A LOAN, BUT AT LEAST WE'LL
23 AGAIN BE TRYING TO OPEN UP THE WINDOW ON THE

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24 FINANCING PROGRAM TO LOOK AT MORE APPLICATIONS
AND
25 TO PUT OUR HEADS TOGETHER WITH STAFF AND THE
BOARD

1 AND THE OTHER PLAYERS TO TRY TO PUT MORE LOANS
2 TOGETHER.

3 CHAIRMAN RELIS: THANK YOU VERY MUCH.
4 ANY COMMENTS? OKAY. THE STAFF RECOMMENDATION IS
5 TO PROVIDE GUIDANCE, WHICH I THINK WE HAVE, AND
6 DIRECT STAFF TO MODIFY THE PROPOSED REGULATIONS,
7 NOTICE THE PROPOSED REGULATIONS FOR ADDITIONAL
8 15-DAY PUBLIC REVIEW AND COMMENT PERIOD, AND
9 RETURN DIRECTLY TO THE BOARD FOR APPROVAL. NOW

WE

10 WILL COME BACK TO COMMITTEE. AND IF I COULD
11 CLARIFY FOR MAY, MY UNDERSTANDING MIGHT HAPPEN.
12 THE COMMITTEE WOULD HAVE THE DISCRETION TO
FORWARD

13 TO THE BOARD IN MAY OR TO WAIT UNTIL THE COMMENT
14 PERIOD IS OVER AND HAVE IT RETURN IN JUNE?

15 MS. TRGOVCICH: CORRECT. AND, YOU
KNOW,

16 THERE WOULD BE ANOTHER OPTION SINCE WE'RE
TALKING

17 OPTIONS. IT MAY BE THAT ONCE WE CAN NAIL DOWN
18 WHEN THIS IS GOING TO NOTICE AND WHEN THE
19 CONCLUSION OF THE COMMENT PERIOD WILL BE, THAT
20 THE -- AS THE COMMITTEE CHAIR IN CONSULTATION
WITH

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21 THE OTHER MEMBERS, YOU MAY WISH TO CONSIDER
22 CONVENING A SPECIAL MEETING OF THE COMMITTEE AT
23 THAT POINT IN TIME AT THE CONCLUSION OF THE 15-
DAY
24 PERIOD ONCE WE CAN NAIL DOWN THAT DATE.
25 I THINK THAT I APPRECIATE MR.

1 BAIRD'S COMMENTS, AND I THINK THEY'RE VERY GOOD
2 COMMENTS. AND WE'LL GO BACK. AND HE'S GIVEN US
3 SOME THOUGHTS. MAYBE WE CAN DRAFT A SECTION
4 PERTAINING TO ATTENDANCE AT THE MEETINGS, AS IT
5 RELATES TO THE TERM OF THE MEMBERSHIP, THAT THERE
6 WILL BE SOME CRITERIA AROUND THAT TO GIVE US THE
7 FLEXIBILITY TO REPLACE MEMBERS IF THEY'RE JUST

NOT

8 SHOWING UP AT MEETINGS.

9 WE'LL TAKE A LOOK AT THAT AS WELL
AS

10 MAYBE SOME OPTIONS AROUND THE MAJORITY ISSUE OR
11 WHAT CONSTITUTES A VOTE OF THE COMMITTEE IN THE
12 EVENT THAT THERE IS THE KIND OF HEALTHY
DISSENSION

13 THAT MR. BAIRD REFERRED TO. IT MAY BE THAT A
VOTE

14 OF, YOU KNOW, FOUR TO ONE MEANS THAT IT COMES TO
15 THE MARKET DEVELOPMENT COMMITTEE FOR THAT
16 CONCURRENCE, BUT WE WILL LOOK AT SOME OPTIONS
17 AROUND THAT AS WELL.

18 CHAIRMAN RELIS: OKAY. ANY FURTHER
19 ACTION REQUIRED?

20 MEMBER CHESBRO: I'D JUST LIKE TO SAY I
21 HAVE NO OBJECTION TO, I MEAN NOT THAT WE'RE

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22 DECIDING THIS NOW, BUT TO THAT IDEA OF SOMETHING
23 BEING BROUGHT TO US IN THAT KIND OF A FORM.

24 MS. TRGOVCICH: WE COULD WORK WITH YOUR
25 OFFICE ABOUT WHAT THE CUTOFF LEVEL WOULD BE IN

1 TERMS OF THAT KIND OF A VOTE, BUT THAT'S A
2 CONCEPT, AND LEGAL HAS TO TAKE A LOOK AT THAT AND
3 SEE HOW THAT WOULD BE STRUCTURED.

4 CHAIRMAN RELIS: THANK YOU. LET'S MOVE
5 ON.

6 MS. TRGOVCICH: ITEM NO. 2, THIS IS
7 CONSIDERATION OF PERSONAL GUARANTEES FROM THE
8 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
9 PROGRAM. BOB CAPUTI IS GOING TO BE PRESENTING
10 THIS ITEM. AND JUST TO PROVIDE A BACKDROP, AT THE
11 FEBRUARY 5TH WORKSHOP THIS WAS RAISED AS A
12 SIGNIFICANT ISSUE, THE WORKSHOP AROUND THE LOAN
13 PROGRAM.

14 AT THE FEBRUARY 6TH MEETING OF THE
15 MARKET DEVELOPMENT COMMITTEE, STAFF WERE DIRECTED
16 TO GO BACK AND DEVELOP A DISCUSSION PAPER FOR
17 CONSIDERATION BY THIS COMMITTEE THAT LOOKED AT THE
18 ISSUE OF PERSONAL GUARANTEES, THE RELATIONSHIP OF
19 OUR REQUIREMENTS TO OTHER PRIVATE AND, MOST
20 IMPORTANTLY, PUBLIC LENDING INSTITUTIONS, AND THAT
21 THAT DISCUSSION PAPER BE DEVELOPED WITH THE
22 PARTICIPATION OF THE LOAN COMMITTEE MEMBERS. AND
23 I'M GOING TO TURN IT OVER TO BOB FOR PRESENTATION.

24 MR. CAPUTI: FOR THE RECORD, I'M BOB
25 CAPUTI, MANAGER OF THE LOAN PROGRAM. THE PAPER

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1 THAT WAS PREPARED WAS ATTACHED TO THIS ITEM. AND
2 AS A RESULT OF THE WORK THAT WENT INTO THAT PAPER,
3 STAFF IS RECOMMENDING, WITH THE LOAN COMMITTEE'S
4 CONCURRENCE, THE FOLLOWING PERSONAL GUARANTEE
5 GUIDELINES.

6 ONE, A GUARANTEE WILL BE REQUIRED
7 FROM ANY PERSON OR BUSINESS OWNING 20 PERCENT OR
8 MORE OF THE APPLICANT BUSINESS. KEY MANAGEMENT
9 PERSONS WOULD BE REQUIRED TO GUARANTEE THE LOAN
10 REGARDLESS OF THEIR PERCENTAGE OF BUSINESS WHEN IT
11 IS DETERMINED THE MANAGERS OR MANAGER HAS SIGNIFI-
12 CANT CONTROL OVER THE BUSINESS AND IT IS NECESSARY
13 BECAUSE OF THE ABSENCE OF OTHER GUARANTEES OR
14 CREDIT ISSUES.

15 I WANT TO POINT THAT OUT, THAT THERE
16 WOULD BE A CIRCUMSTANCE THAT WOULD DRIVE TAKING A
17 PERSONAL GUARANTEE FROM THE KEY MANAGER OTHER THAN
18 THEIR JUST BEING A KEY MANAGEMENT PERSON.

19 THE OWNERSHIP OF THE COMPANY WILL BE
20 EXAMINED TO DETERMINE IF PARTIES AFFILIATED. IF
21 THE COMBINED OWNERSHIP OF AFFILIATED PARTIES IS 20
22 PERCENT OR MORE, A GUARANTEE MAY BE REQUIRED FROM
23 THE AFFILIATED OWNERS. NOW, THIS PRACTICE IS
24 DISCRETIONARY AND WILL TYPICALLY ONLY BE UTILIZED
25 TO ADDRESS THE LACK OF OTHER GUARANTEES AND/OR

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1 CREDIT ISSUES.

2 AND THEN FINALLY, A SECURED
3 GUARANTEE MAY BE REQUIRED WHEN THE APPLICANT
4 BUSINESS CANNOT PROVIDE SUFFICIENT BUSINESS ASSETS
5 TO ADEQUATELY COLLATERALIZE THE LOAN. THIS POLICY
6 DIFFERS FROM OUR EXISTING POLICY BASICALLY IN TWO
7 ASPECTS.

8 ONE, WE HAVE BEEN REQUIRING A
9 10-PERCENT -- AS SOON AS IT WAS A 10-PERCENT
10 OWNERSHIP INTEREST, WE REQUIRED A PERSONAL
11 GUARANTEE. WE'LL NOW PUSH THAT THRESHOLD TO 20
12 PERCENT.

13 THE SECOND IS WE WEREN'T REALLY
14 LOOKING AT KEY MANAGEMENT PERSONNEL FOR GUARANTEES
15 IN THE PAST. WE WILL BE NOW DOING THAT.

16 THOSE ARE THE TWO BASIC DIFFERENCES
17 BETWEEN THE POLICY AS WE'VE BEEN APPLYING IT AND
18 THE NEW POLICY. WE WENT BACK AND LOOKED AT THE
19 LAST 15 LOANS THAT WE CLOSED AND FOUND THAT HAD
20 THIS NEW POLICY BEEN IN EFFECT, THREE OF THOSE
21 LOANS WOULD HAVE BEEN AFFECTED. IN THREE OF
THOSE

22 CASES, THE 20-PERCENT THRESHOLD WAS NOT MET.

23 CONSEQUENTLY WE WOULD HAVE NOT REQUIRED
GUARAN-

24 TEES. SO IF THAT'S REPRESENTATIVE, IT WOULD

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25 AFFECT ABOUT 20 PERCENT OF THE LOANS THAT WE
MAKE

1 BY CHANGING THIS POLICY.

2 CHAIRMAN RELIS: OKAY. DISCUSSION?

3 MR. CAPUTI: I'D LIKE TO INVITE JIM
4 BAIRD, REPRESENTING OUR LOAN COMMITTEE, TO SPEAK
5 ON THE SUBJECT.

6 MR. BAIRD: THANKS, BOB. I HAD SOME
7 COMMENTS TO MAKE -- FIRST OF ALL, I APPRECIATE
8 STAFF'S WORK IN THIS AREA, AND I ALSO APPRECIATE
9 THEM RUNNING THIS ITEM BY THE LOAN COMMITTEE FOR
10 COMMENT AND TAKING OUR COMMENTS INTO CONSIDERATION
11 IN PRODUCING THE DOCUMENT AND BRINGING IT TO THIS
12 POINT.

13 FIRST OF ALL, A CLARIFICATION FROM
14 MY OWN BENEFIT. AS I UNDERSTAND IT, THIS IS NOT A
15 REGULATORY MATTER, BUT IS KIND OF AN INTERNAL
16 POLICY MATTER AT THIS POINT SO THAT POLICY AS
17 ADOPTED HERE WOULD CONTINUE TO BE SUBJECT TO SOME
18 TYPE OF AN EXCEPTION PRACTICE ON A CASE-BY-CASE
19 BASIS?

20 MR. CAPUTI: RIGHT. WE'RE PRESENTING
21 THIS AS A GUIDELINE, AND GENERALLY THIS IS
WHAT WE
22 WILL FOLLOW AS STAFF.

23 MR. BAIRD: YEAH, I'D LIKE TO MAKE
SOME
24 COMMENTS ON THIS. I THINK, FIRST OF ALL,

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25 REGARDING THE NECESSITY FOR THIS TYPE OF
POLICY, I

1 THINK IT'S REALLY IMPORTANT TO HAVE A PERSONAL
2 GUARANTEE POLICY MUCH IN THE SAME VEIN THAT IT
3 WOULD BE IMPORTANT TO HAVE LOAN POLICIES AS IT
4 RELATES TO OTHER ELIGIBILITY AND CREDIT CRITERIA.
5 I THINK IT HELPS TO ENSURE THAT THE PROGRAM
6 ADMINISTRATION, AS OVERALL OUTPUTS, ARE FAIR AND
7 EVENHANDED.

8 I ALSO THINK IT'S IMPORTANT IN TERMS
9 OF MAKING SURE, AND I THINK THIS IS VERY IMPORTANT
10 FROM A SORT OF A SERVE THE MARKET APPLICANT POINT
11 OF VIEW, THAT APPLICANTS TO THIS PROGRAM FROM THE
12 OUTSET UNDERSTAND WHAT THE GENERAL, NOT ONLY THE
13 REGULATIONS, BUT THE GENERAL RULES AND PRACTICES
14 ARE. I THINK THAT'S ESSENTIAL TO A SUCCESSFUL
15 LOAN PROGRAM. WHETHER THAT PARTICULAR APPLICANT
16 GETS FUNDED OR NOT, YOU NEED TO KNOW WHAT THE
17 GROUND RULES ARE UP FRONT. I THINK THAT'S ANOTHER
18 VERY IMPORTANT REASON TO HAVE A POLICY LIKE THIS.

19 AS FAR AS THE ACTUAL, YOU KNOW,
20 PROPOSED POLICY AND THE SUBJECT OF PERSONAL
21 GUARANTEES, I DO AGREE WITH THE PAPER. I THINK
22 IT'S VERY NECESSARY TO HAVE A POLICY THAT ENSURES
23 THOSE THAT BENEFIT MOST FROM THE LOAN PROGRAM AND
24 THAT ARE THE MAJOR OWNERS OF THESE COMPANIES HAVE
25 A COMMITMENT TO REPAY THE LOAN.

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1 I ALSO THINK THAT BOTH ON A SUBJECT
2 OF BOTH SECURED AND UNSECURED GUARANTEES, I THINK
3 THAT THERE'S A TENDENCY TO LOOK AT THOSE AS BAD
4 THINGS JUST GOING IN, THAT THEY'RE NEGATIVES,
5 THEY'RE KIND OF BAGGAGE THAT THE LOAN PROGRAM
6 CARRIES WITH THEM. AND I THINK THEY CERTAINLY CAN
7 BE THAT AND THEY CAN BE DEAL BREAKERS ON A CASE-
8 BY-CASE BASIS. AND AS WITH OTHER ASPECTS OF LOAN
9 POLICY LIKE CASH FLOW COVERAGE AND COLLATERAL
10 POLICY AND OTHER THINGS THAT ELIGIBILITY AND OTHER
11 THINGS THAT WE DO, YOU KNOW, THEY'RE PART OF WHAT
12 MAKES THE PROGRAM.

13 BUT I THINK IN TERMS OF OUR OVERALL
14 VIEW OF THEM, WE REALLY SHOULD ALSO BE LOOKING AT
15 THESE AS ASPECTS OF FLEXIBILITY. YOU KNOW, AS
16 UNDERWRITERS FOR THE PROGRAM IN TERMS OF THE STAFF
17 BEING THE PRIMARY UNDERWRITERS AND THEN THE LOAN
18 COMMITTEE BEING SORT OF SECONDARY UNDERWRITERS OR
19 REVIEWERS AND RECOMMENDERS IN THIS CURRENT
20 PROCESS, AS A LOAN COMMITTEE MEMBER, I SEE THAT
21 IT'S VERY IMPORTANT TO HAVE THE FLEXIBILITY TO
22 TINKER, IF YOU WILL, WITH A PARTICULAR PROPOSAL TO
23 TRY TO MAXIMIZE ITS CHANCES OF GETTING FUNDED AND
24 GETTING FUNDED IN A WAY THAT REASONABLY ASSURES
25 REPAYMENT ABILITY.

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1 AND I THINK THAT, YOU KNOW, WHAT WE
2 SEE, BOTH AS LOAN COMMITTEE MEMBERS, AS ECONOMIC
3 DEVELOPMENT PRACTITIONERS, AND ALSO AS PARTICI-
4 PANTS IN THIS PROCESS, THAT THE ADDITION OF A
5 PERSONAL GUARANTEE, SOMETIMES SECURED, SOMETIMES
6 UNSECURED, CAN OFTENTIMES REALLY BE THE DECIDING
7 FACTOR IN TILTING THE SCALES TOWARDS A PROJECT.
8 SO TO ME THAT CAN BE VERY GOOD AND USUALLY IS AS
9 LONG AS IT'S USED IN A REASONABLE MANNER.

10 THERE ARE LOTS OF FAIRLY SIMPLE
11 EXAMPLES OF THIS. IT COULD BE A LOAN WHERE THE
12 EXISTING REPAYMENT ABILITY OR CREDIT OR COLLATERAL
13 IS JUST NOT QUITE THERE TO PRODUCE A THRESHOLD OF
14 GOODS TO BASE AN APPROVAL ON AND A PERSONAL
15 GUARANTEE CAN ADD TO THAT.

16 AS FAR AS THE PROGRAM PERSPECTIVE
17 THAT I WOULD KIND OF BRING TO THIS IS THAT WE'RE A
18 PUBLIC/PRIVATE PARTNERSHIP IN THIS PROGRAM, AND SO
19 WE HAVE KIND OF A SPECIAL ROLE AND WE FIT WITHIN A
20 MUCH LARGER CONTEXT OF LENDERS DOING THIS SORT OF
21 THING. I THINK THAT I CERTAINLY SUPPORT THE STAFF
22 PAPER IN TERMS OF THE EXTENSIVE AMOUNT OF WORK
23 THAT WAS DONE LOOKING AT NOT ONLY CONVENTIONAL
24 PERSONAL GUARANTEE POLICY, BUT ALSO LOOKING AT
25 OTHER PUBLIC/PRIVATE PARTNERSHIPS OF VARIOUS
AND

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1 SUNDRY KINDS.

2 AND WHAT I SEE IN THOSE, WHICH IS
3 KIND OF AMAZING, IS THAT ALL OF THESE DIFFERENT
4 AGENCIES AND LENDERS AND WHATNOT KIND OF INDEPEN-
5 DENTLY CAME TO ALMOST EXACTLY THE SAME, AND THAT
6 IS PERSONAL GUARANTEES ARE GENERALLY REQUIRED BY
7 ALL OF THESE PROGRAMS FOR OWNERS OF 20 PERCENT OR
8 MORE OF THE OPERATING COMPANIES AND THAT PERSONAL
9 GUARANTEES OF OTHERS OR SECURED PERSONAL
10 GUARANTEES CAN BE UTILIZED ON A DISCRETIONARY
11 CASE-BY-CASE BASIS IF NECESSARY TO REASONABLY
12 ENSURE REPAYMENT.

13 YOU KNOW, IN TERMS OF THE SPECTRUM
14 OF FINANCING OPTIONS THAT THIS PROGRAM FITS WITHIN
15 AS A PUBLIC/PRIVATE PARTNERSHIP, THERE ARE ALSO
16 SORT OF THE BIGGER CATEGORY OF LOAN PROGRAMS; AND
17 THEN OTHER THAN LOAN PROGRAMS, THE NEXT SORT OF
18 LINE TOWARDS A HIGHER LEVEL OF RISK WOULD BE
19 EQUITY PROGRAMS OR VENTURE CAPITAL. AND IN
20 VENTURE CAPITAL OFTENTIMES PROJECTS WILL BE
21 FINANCED WITHOUT REQUIRING PERSONAL GUARANTEES,
22 BUT I THINK WHAT WE LOOK AT IN THOSE SITUATIONS OR
23 AT LEAST IF NOT OFTENTIMES REQUIRING THEM BEING
24 VERY, VERY -- VERY, VERY NORMAL PRACTICE TO WAIVE
25 THAT SORT OF A THING. WHAT YOU KIND OF HAVE TO

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1 LOOK AT IS A RISK RETURN PARADIGM.

2 AND IN TERMS OF AN EQUITY

3 PARTICIPATION OR A VENTURE CAPITAL, IF THE PROGRAM

4 HERE WAS ORIENTED TOWARDS A FINANCIAL RETURN AND

5 IF THE PROGRAM, LET'S SAY, IN TERMS OF THE SUCCESS

6 STORY THAT WAS TOLD HERE EARLIER, IF WE HAD SOME

7 OF THE CREDITS WE LOOK AT, WE CERTAINLY COULD JUST

8 OUTRIGHT WAIVE PERSONAL GUARANTEES IN CONSIDERA-

9 TION OF TAKING AN EQUITY PARTICIPATION IN A

10 PROJECT RATHER THAN A LOAN. THAT WAY WHEN A

11 COMPANY GOES PUBLIC, WE'D HAVE A LOT MORE LOAN

12 FUNDS AS LONG AS WE WERE ADMINISTERING THIS

13 WISELY. AND THE PERSONAL GUARANTEE POLICY

14 WOULDN'T BE ALL THAT IMPORTANT OR COULD BE MUCH,

15 MUCH MORE FLEXIBLE.

16 BUT I THINK THAT, YOU KNOW, AGAIN,

17 IN CONCLUSION, I THINK THAT STAFF HAS DONE A

18 REALLY GOOD JOB IN SURVEYING THE FIELD AND IN

19 COMING UP WITH POLICY RECOMMENDATIONS THAT,

AGAIN,

20 THE FOCUS FOR ME IS REASONABLY ENSURE

REPAYMENT.

21 IF YOU WANT TO ENSURE REPAYMENT, YOU KNOW, NOT

22 REASONABLY, BUT ON AN ABSOLUTE SCALE, WE

SHOULD, I

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23 GUESS, BE BUYING T BILLS WITH THE MONEY. AND
IF

24 WE WANT TO DO OTHERWISE, WE MIGHT BE MAKING
EQUITY
25 INVESTMENTS, BUT WE ARE, IN FACT, A
PUBLIC/PRIVATE

1 LOAN PROGRAM, AND I THINK THE POLICY AS IT'S
2 PROPOSED IS QUITE REASONABLE.

3 CHAIRMAN RELIS: THANK YOU VERY MUCH.

4 MEMBER CHESBRO: I JUST APPRECIATE THE
5 INPUT AND WANTED TO SAY, IN GENERAL, THAT I
6 ESPECIALLY APPRECIATE THAT CORE OF THE LOAN
7 COMMITTEE THAT IS NOT ONLY ACTIVE ENOUGH TO SHOW
8 UP AT THE MEETINGS, BUT ALSO TO PARTICIPATE IN OUR
9 DECISION-MAKING PROCESS SO WE CAN UNDERSTAND A
10 BROADER PRIVATE SECTOR LENDING PERSPECTIVE. SO
11 THANKS.

12 CHAIRMAN RELIS: IS THERE ANYONE ELSE IN
13 THE AUDIENCE THAT WANTS TO SPEAK ON THIS? IF NOT,
14 I WANT TO SUGGEST WE NEED A TWO-MINUTE BREAK FOR
15 THE REPORTER TO REST, SO WE'LL TAKE A TWO-MINUTE
16 BREAK.

17 (RECESS TAKEN.)

18 CHAIRMAN RELIS: WE'LL CALL THE MEETING
19 BACK TO ORDER, AND WE WERE CONCLUDING OUR
20 DISCUSSION ON THIS PERSONAL GUARANTEE MATTER. SO
21 I WONDERED -- I BELIEVE THAT THERE HAS BEEN A LOT
22 OF INTEREST IN THIS ITEM, AND I WANT TO MAKE SURE
23 THAT WE'VE GOT IT AS BROADLY NOTICED, AND SO WE
24 CAN GET AS BROAD AN INPUT AS POSSIBLE. SO I --
25 MEMBER CHESBRO: WELL, I WOULD SUGGEST

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1 THAT WE GO AHEAD AND IMPLEMENT THIS AS INTERIM
2 POLICY. I DON'T KNOW IF THAT REQUIRES GOING TO
3 THE BOARD OR NOT. BUT THAT WE -- MAYBE WE CAN
4 CALL IT AN INFORMAL INTERIM POLICY AND THEN
5 CIRCULATE IT MORE WIDELY BECAUSE THERE WAS A VERY
6 HIGH LEVEL OF INTEREST THAT WE'VE GOTTEN AT THE
7 LOAN WORKSHOP AND AT THE ZONE ADMINISTRATORS
8 MEETINGS AND ELSEWHERE. SO I WOULD WANT TO MAKE
9 SURE THAT BEFORE WE, YOU KNOW, LOCK IN THIS MORE
10 SPECIFICALLY, THAT WE ATTEMPT TO GET A BROADER
11 LEVEL OF COMMENT. SO...

12 MS. TRGOVCICH: SHOULD WE PLACE THIS,
13 THEN, BACK? WE WILL ENSURE THAT IT GETS THAT
14 BROADER DISTRIBUTION. WE WILL SEND IT OUT TO MAKE
15 SURE THAT FOR THOSE THAT DIDN'T GET AN OPPORTUNITY
16 TO SEE IT, WE'LL MAKE SURE THAT THOSE THAT
17 ATTENDED THE FEBRUARY 5TH WORKSHOP THAT EXPRESSED
18 INTEREST IN THIS ITEM AS WELL AS THE ZONE
19 ADMINISTRATORS GET TO SEE IT. IF YOU WOULD LIKE,
20 WE WILL CALENDAR IT AGAIN FOR YOUR MEETING NEXT
21 MONTH.

22 MEMBER CHESBRO: IS THERE ANY PROBLEM
23 WITH GOING AHEAD IN THE INTERIM AND CONSIDERING IT
24 AN INFORMAL NON-BOARD ADOPTED POLICY AT THIS
25 POINT?

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1 MS. TRGOVCICH: WE'RE IN A PHASE RIGHT
2 NOW, AND I'LL SPEAK AND THEN DEFER TO DEBBIE, THAT
3 WHAT WE'RE INTENDING TO DO, AND THAT'S WHAT YOU'RE
4 SEEING IN THIS POLICY, IS BRINGING FORWARD WHAT
5 HAD BEEN STAFF POLICIES TO DATE AND BRINGING THEM
6 FORWARD FOR YOUR CONSIDERATION AND APPROVAL. SO I
7 CONSIDER, YOU KNOW, THAT WHAT WE'RE DOING IS
8 TAKING YOUR DIRECTION AND MODIFYING THAT, AND WE
9 WILL BE BRINGING IT BACK NEXT MONTH.

10 MEMBER CHESBRO: OKAY. WELL, I WILL MOVE
11 THAT WE ENCOURAGE STAFF TO IMPLEMENT THIS AS A
12 STAFF POLICY ON AN INTERIM BASIS AND THAT WE ASK
13 STAFF TO FURTHER CIRCULATE THIS AND BRING IT BACK
14 TO US NEXT MONTH.

15 CHAIRMAN RELIS: OKAY. I'LL SECOND THAT.
16 LET ME GET A CLARIFICATION, THOUGH, BEFORE WE GO
17 FURTHER.

18 MS. BORZELLERI: AS CAREN WAS STATING,
19 THE POLICY RIGHT NOW, STAFF IMPLEMENTED POLICY
20 RIGHT NOW HAS BEEN OPERATING WITHOUT BOARD --

21 CHAIRMAN RELIS: MAYBE A PROCEDURE RATHER
22 THAN A POLICY.

23 MS. BORZELLERI: IT'S MORE A PROCEDURE,
24 RIGHT.

25 MEMBER CHESBRO: STAFF PROCEDURE. I

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1 MODIFY MY MOTION TO REFER TO A STAFF PROCEDURE
2 RATHER THAN A STAFF POLICY.

3 CHAIRMAN RELIS: OKAY. I'LL SECOND THAT.
4 WE'LL CALL THE ROLL.

5 THE SECRETARY: MEMBER CHESBRO.

6 MEMBER CHESBRO: AYE.

7 THE SECRETARY: CHAIRMAN RELIS.

8 CHAIRMAN RELIS: AYE. AND LET'S SEE.
9 SINCE THIS WILL BE COMING BACK, WHAT HAVE WE DONE?

10 MS. TRGOVCICH: IT WILL COME OFF THE
11 BOARD CALENDAR FOR THE MEETING ON THE 24TH.

12 CHAIRMAN RELIS: THANK YOU VERY MUCH.
13 ALL RIGHT. WE'RE NOW AT AGENDA ITEM 5.

14 MS. TRGOVCICH: THIS IS THE LAST AGENDA
15 ITEM, AND HOPEFULLY IT WILL BE QUITE A BIT MORE
16 INTERESTING AND LIVELY AND INTERACTIVE FOR YOU.
17 THIS IS AN UPDATE ON THE IMPLEMENTATION OF THE C&D
18 PLAN. CASEY ROBB IS GOING TO BE PRESENTING THE
19 UPDATE TO YOU. SHE HAS A LOT OF GREAT INFORMATION
20 TO PASS ALONG. THIS PROGRAM HAS BEEN DOING A LOT
21 OVER THE PAST SIX MONTHS SINCE THE LAST UPDATE.

22 MS. ROBB: MY NAME'S CASEY ROBB, AND I'M
23 GOING TO BE GIVING AN UPDATE OF THE CONSTRUCTION
24 AND DEMOLITION RECYCLING PROGRAM. THIS IS A
25 SIX-MONTH UPDATE, AND THE LAST UPDATE WAS REPORTED

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1 TO THE MARKET DEVELOPMENT COMMITTEE ON OCTOBER 10,
2 1996.

3 THE FIVE MAJOR PROGRAM AREAS WERE
4 CONTINUED FROM THE LAST UPDATE, AND THOSE AREAS
5 ARE DISASTER PLAN, BASE CLOSURE, MARKETING AND
6 OUTREACH, SPECIFICATIONS, AND OTHER. MARKETING
7 AND OUTREACH WAS A VERY LARGE SECTION, SO WE
8 DIVIDED IT INTO TWO SECTIONS THAT WILL LOOK AT
9 PUBLICATIONS AND DISTRIBUTION PROMOTION. EACH
10 AREA LISTS ACCOMPLISHMENTS OF THE PAST SIX MONTHS
11 AND NEXT STEPS INTENDED FOR THE NEXT SIX MONTHS.

12 I'M GOING TO COVER THIS PRETTY
13 QUICKLY, SO PLEASE STOP ME IF YOU HAVE ANY
14 QUESTIONS.

15 THE DISASTER PLAN ACCOMPLISHMENT.
16 THE INTEGRATED WASTE MANAGEMENT DISASTER PLAN, AS
17 IT'S CALLED, IS AN ACCOMPLISHMENT OF THE DIVERSION
18 PLANNING AND LOCAL ASSISTANCE DIVISION WITH SOME
19 INPUT FROM C&D STAFF. THE PLAN WAS APPROVED BY
20 THE BOARD, AND THE NEXT STEPS ARE GOING TO BE
21 WORKSHOPS IN MAY AND JUNE THAT STAFF HAS BEEN
22 ASKED TO PARTICIPATE IN.

23 MILITARY BASE CLOSURE. THE BASE
24 CLOSURE HANDBOOK IS FINISHED AND IS BEING
25 DISTRIBUTED. THREE CASE STUDIES ARE PLANNED AT

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1 THESE FACILITIES TO DOCUMENT DECONSTRUCTION. AND
2 THOSE FACILITIES ARE FORT ORD, OAK KNOLL NAVAL
3 HOSPITAL, AND OAKLAND NAVAL SUPPLY CENTER.

4 MARKETING AND OUTREACH PUBLICATIONS.
5 THIS IS ONE OF OUR BIGGEST AREAS. WE'VE BEEN
6 PUTTING OUT QUITE A FEW. WE'VE GOT FACT SHEETS
7 THAT HAVE BEEN EITHER DONE OR ARE ALMOST DONE ON
8 CALTRANS PRODUCTS, PLASTIC LUMBER, AND ASPHALT
9 ROOFING SHINGLES.

10 WE'VE ALSO DONE TWO CASE STUDIES, AN
11 ARTICLE FOR TRADE PUBLICATIONS, AND WE ARE DOING
12 OUR YEARLY UPDATE OF THE 600 PLUS C&D RECYCLERS
13 DATABASE BY SURVEYS AND PHONING.

14 THE NEXT STEPS FOR THE NEXT SIX
15 MONTHS WILL BE FACT SHEETS ON THE SUBJECTS OF
16 SPECIFICATIONS, BUILDING TECHNIQUES AND MATERIALS,
17 AGGREGATE IN CONCRETE, RUBBERIZED ASPHALT,
18 BUILDING REUSE, RECYCLED PAINT, ASPHALT ROOFING
19 SHINGLES, AND AN ECONOMICS WORKSHEET THAT WILL
20 HELP CONTRACTORS DETERMINE IF RECYCLING IS COST
21 EFFECTIVE ON A PARTICULAR JOB.

22 THIS IS THE OTHER PART OF MARKETING
23 AND OUTREACH, DISTRIBUTION AND PROMOTION OR, IN
24 OTHER WORDS, HOW DO WE DISTRIBUTE THE INFORMATION,
25 HOW DO WE GET THE WORD OUT. ONE OF THE BEST

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1 ACCOMPLISHMENTS IN THIS AREA IS THE C&D INTERNET
2 HOME PAGE. IT IS NOW UP AND RUNNING, AND IN A FEW
3 MINUTES, AFTER MY PORTION OF THE PRESENTATION,
4 WE'RE GOING TO GIVE YOU A LITTLE MINI DEMONSTRA-
5 TION.

6 THE PAGE PRESENTLY INCLUDES THESE
7 ITEMS THAT I WON'T GO OVER BECAUSE WE'RE ABOUT TO
8 SEE THOSE. WE DID A MAILING OF INFORMATION
9 PACKETS TO BUILDING DEPARTMENTS AND PUBLIC WORKS.
10 STAFF DISPLAYED THE PORTABLE PRODUCTS EXHIBIT THAT
11 WE CALL THE DOLLHOUSE THAT YOU SAW IN OCTOBER AT
12 THE SACRAMENTO BUILDERS EXCHANGE CONFERENCE, AND
13 THE BUY RECYCLED SECTION IS WORKING WITH THE CITY
14 OF SAN DIEGO TO CONSTRUCT A MOBILE DISPLAY TO
15 DEMONSTRATE RECYCLED BUILDING AND OFFICE PRODUCTS.

16 THE NEXT STEPS FOR DISTRIBUTION ARE
17 WE'RE GOING TO CONTINUE TO ADD ITEMS TO THE HOME
18 PAGE. THIS WILL PROBABLY BE AN ONGOING PROCESS.
19 STAFF INTENDS TO TAKE THE RECYCLED PRODUCT
20 DISPLAY, THE DOLLHOUSE, TO THESE CONFERENCES.
21 THESE ARE THREE CONFERENCES THAT WE KNOW ARE GOING
22 TO HAPPEN. IF OTHER CONFERENCES COME UP THAT WE
23 FEEL ARE APPROPRIATE, WE'D LIKE TO ATTEND THOSE AS
24 WELL, ASSUMING THAT WE HAVE THE BUDGET FOR IT.
25 AND THE MOBILE DISPLAY, WE EXPECT TO HAVE THAT

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1 ABOUT THREE MONTHS OUT OF THE YEAR. AND WE'LL BE
2 ARRANGING A DISPLAY SCHEDULE, OR THE BUY RECYCLED
3 SECTION WILL BE DOING THAT, I SHOULD SAY.

4 SPECIFICATIONS, THIS AREA, AS YOU
5 KNOW, IS VERY IMPORTANT. SPECIFICATIONS HAVE A
6 TREMENDOUS INFLUENCE ON MARKETS FOR RECYCLED
7 PRODUCTS. PROBABLY THE BIGGEST HIGHLIGHT OF WHAT
8 WE'RE DOING HERE IS WE'RE WORKING WITH CALTRANS.
9 WE HAVE GIVEN THEM TWO PROPOSALS TO LOOK AT USING
10 ASPHALT ROOFING SHINGLES IN ROAD PRODUCTS.

11 THE FIRST PROPOSAL WENT TO THEM IN
12 OCTOBER, AND THIS WAS LOOKING EXCLUSIVELY AT USING
13 10 PERCENT OLD TEAR-OFF SHINGLES IN AGGREGATE
14 BASE. AT OUR REQUEST, ALONG WITH AN INDUSTRY
15 REPRESENTATIVE, CALTRANS DID TEST THIS IN THEIR
16 LAB. THAT WAS ABOUT A YEAR AGO.

17 THE SECOND PROPOSAL WENT TO THEM IN
18 JANUARY OF THIS YEAR, AND THAT LOOKED AT 5 PERCENT
19 NEW FACTORY SCRAP SHINGLES IN ASPHALT PAVEMENT.
20 STAFF ALSO SUBMITTED THE FOLLOWING SUPPORTING DATA
21 TO CALTRANS: EXAMPLE SPECIFICATIONS FROM FIVE
22 STATE DEPARTMENTS OF TRANSPORTATION USING NEW
23 FACTORY SCRAP ASPHALT SHINGLES IN NEW ASPHALT.

24 STAFF ALSO WROTE AND SUBMITTED A COST BENEFIT
25 ANALYSIS AT CALTRANS REQUEST OF RECYCLING
SHINGLES

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1 INTO AGGREGATE BASE AND ASPHALT.

2 THE SUBMITTED DOCUMENTS WERE
3 REVIEWED BY CALTRANS PAVEMENT COMMITTEE AT THEIR
4 MONTHLY MEETINGS IN JANUARY, FEBRUARY, AND MARCH
5 OF THIS YEAR, AND STAFF HAS NOT YET RECEIVED AN
6 OFFICIAL RESPONSE.

7 ALSO STAFF IS ASSISTING BATTELLE
8 MEMORIAL INSTITUTE IN THEIR PLASTIC LUMBER
9 RESEARCH BY SUBMITTING A CONTRACT CONCEPT SEEKING
10 FUNDS AND BY NETWORKING WITH TWO STATE AGENCIES TO
11 IDENTIFY A PROJECT IN CALIFORNIA.

12 THE NEXT STEPS HERE WILL BE TO
13 CONTINUE WORKING WITH CALTRANS TO TEST ASPHALT
14 SHINGLES IN ROAD PRODUCTS. IF CALTRANS
15 COOPERATES, STAFF WILL COORDINATE BETWEEN STATE
16 AND INDUSTRY TO HELP, ONE, FINDING FUNDING FOR THE
17 PROJECT AND, TWO, HELP THEM PLAN A TEST PROJECT.

18 CHAIRMAN RELIS: COULD YOU JUST CLARIFY
19 THAT LAST COMMENT, IF THEY COOPERATE?

20 MS. ROBB: YES. MY SENSE IN DECEMBER
21 FROM CALTRANS WAS THAT THEY SEEMED, IF NOT EAGER
22 TO DO THIS KIND OF RESEARCH, THEN AT LEAST
23 INTERESTED IN HEARING MORE ABOUT IT. I DON'T
24 BELIEVE IT'S A PRIORITY FOR THEM, BUT THEY SEEM TO
25 BE INTERESTED IN AT LEAST COOPERATING AND

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1 DISCUSSING WHEN THEY MIGHT DO THIS TEST PROJECT,
2 WHERE IT MIGHT BE. WE THOUGHT MAYBE DOING A TRUCK
3 WAY STATION WOULD BE A GOOD TEST BECAUSE IT MIGHT
4 ACCELERATE THE AMOUNT OF TIME THAT IT WOULD TAKE
5 TO GET RESULTS. SINCE THEN I HAVEN'T HEARD MUCH.

6 CHAIRMAN RELIS: I THINK IN THAT SCORE,
7 AND WE'VE DONE THIS IN THE PAST, WHERE THERE'S AN
8 INTEREST BY BOARD MEMBERS AND STAFF, IS RUNNING UP
9 AGAINST PERHAPS A LACK OF INTEREST OR FOCUS
10 ELSEWHERE, WHATEVER IT IS, WE'D LIKE TO BE
11 INFORMED ABOUT YOUR PROGRESS OR LACK OF, AND THEN
12 WE CAN EXERCISE PERHAPS SOME INFLUENCE OF OUR OWN.

13 MS. TRGOVCICH: WE'LL BE -- I'LL BE
14 WORKING WITH CASEY BECAUSE I KNOW SHE RAISED THIS
15 IN SEVERAL OF THE BRIEFINGS. AND MARTHA GILDART,
16 AND I'M GOING TO BE ASKING MARTHA TO, YOU KNOW,
17 LET'S GIVE A CALL OVER THERE AND START TRYING TO
18 GET A SENSE OF WHERE WE'RE MOVING. THE DIFFERENCE
19 BETWEEN THE INVOLVEMENT WITH CALTRANS ON THIS
20 ISSUE AND THE PAST INVOLVEMENT AT THE BOARD MEMBER
21 LEVEL IS, YOU KNOW, PRIOR ISSUES HAVE RELATED TO
22 INTERAGENCY AGREEMENTS, FUNDS THAT WE HAD PROVIDED
23 TO CALTRANS FOR WORK. THERE ARE NO FUNDS HERE.
24 WHAT WE'VE DONE IS TRIED TO USE THEIR RESEARCH
25 COMMITTEES, ETC., TO MOVE CERTAIN TYPES OF SPEC

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1 DEVELOPMENT PROJECTS FORWARD.

2 SO WE'LL DO OUR BEST, AND WHAT WE'LL
3 COMMIT TO YOU TO DO IS TO COME BACK AND PROVIDE
4 YOU WITH AN UPDATE AND, YOU KNOW, USE YOUR OFFICES
5 TO BE ABLE TO TRY TO GET SOME FEEDBACK BACK FROM
6 CALTRANS AND POSSIBLY SOME COMMITMENTS ON THEIR
7 PART IF THAT DOESN'T WORK.

8 MS. ROBB: THERE ARE REALLY TWO PROPOSALS
9 HERE AND TWO ISSUES. ONE, THE PRODUCT IS
10 AGGREGATE BASE. THAT'S WHAT WE DID IN OCTOBER.
11 THE SECOND ONE IS PUTTING IT IN ASPHALT. WE DID
12 GET A RESPONSE ABOUT THE FIRST PROPOSAL, AT LEAST
13 A LETTER, SAYING THAT THEY HAD SOME CONCERNS LIKE
14 ABOUT DELETERIOUS MATERIALS, ETC., BECAUSE WE WERE
15 LOOKING AT THE TEAR-OFF SHINGLES FOR THAT PRODUCT.

16 AND THEY ACTUALLY DID WRITE A LETTER
17 TO THEIR CONSTRUCTION DEPARTMENT SAYING THAT IF A
18 CONTRACTOR WANTED TO USE THIS, THAT IT WOULD BE
19 OKAY. NOW, THAT'S A LETTER. WHAT WE REALLY NEED
20 IS SPECIFICATIONS. BUT AT LEAST IT WAS SOMETHING
21 POSITIVE.

22 I TOOK THAT LETTER AND, ALONG WITH A
23 PROPOSAL, I SENT IT OUT TO INDUSTRY, EVERYONE I
24 HAVE ON MY DATABASE THAT PRODUCES RECYCLED
25 AGGREGATE BECAUSE I THOUGHT THEY WOULD BE

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1 INTERESTED. NOW, I'D REALLY LIKE TO FOCUS MORE ON
2 PUTTING THE NEW SCRAP IN THE ASPHALT PAVEMENT FOR
3 SEVERAL REASONS. ONE IS THAT OTHER STATES HAVE
4 ALREADY RESEARCHED THIS. WE HAVE EXAMPLE
5 SPECIFICATIONS. ANOTHER IS THAT EVEN THOUGH THIS
6 IS A SMALLER WASTESTREAM THAN THE TEAR-OFF
7 SHINGLES, WHICH IS HUGE, OVER A MILLION TONS IS MY
8 ESTIMATE FOR CALIFORNIA, IT'S -- I THINK IT'S A
9 GOOD PLACE TO START BECAUSE IT IS -- FIRST OF ALL,
10 IT'S BEEN DONE BEFORE. SECOND IS THAT IT IS A
11 VERY VALUE ADDED PRODUCT. IT'S NOT JUST PUTTING
12 IT IN AGGREGATE BASE AND GETTING RID OF IT. THEY
13 ACTUALLY TAKE THE ASPHALT AND RECLAIM IT, AND THEY
14 CAN -- IF THEY USE 5 PERCENT GROUND MANUFACTURING
15 SCRAP SHINGLES IN THE ASPHALT PAVEMENT, THAT
16 KNOCKS OUT OR THAT SUBSTITUTES FOR ABOUT 20
17 PERCENT OF THE ACTUAL ASPHALT BINDER BECAUSE THE
18 SHINGLES ARE VERY RICH IN ASPHALT. AND SO THE
19 COST BENEFIT ANALYSIS REALLY DID FOCUS ON THE
20 ASPHALT PAVEMENT AS BEING THE BEST ADVANTAGE TO
21 CALTRANS FINANCIALLY.

22 SO I THINK THIS IS THE WAY TO GO.
23 MAYBE EVENTUALLY, IF THIS TESTING WORKS OUT, WE
24 MIGHT BE LOOKING AT THE TEAR-OFF SHINGLES IN THE
25 ASPHALT PAVEMENT, BUT I THINK THIS IS THE BEST

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1 QUALITY USE OF THIS MATERIAL.

2 SO, ANYWAY, WHAT I WAS HOPING IS
3 THAT CALTRANS WOULD WRITE A LETTER BACK TO ME WITH
4 A RESPONSE. AT THAT POINT I WAS GOING TO SEND THE
5 LETTER AND THE PROPOSAL OUT TO THE ASPHALT
6 INDUSTRY TO GET THEM INVOLVED BECAUSE THEY HAVE
7 TALKED ABOUT THE PROBLEM OF FUNDING. WELL, WHO'S
8 GOING TO FUND THIS PROJECT. EVEN IF IT'S A GOING
9 PROJECT, IT'S GOING TO REQUIRE MORE FUNDS BECAUSE
10 THERE'S GOING TO BE TEST RESULTS AND EVALUATIONS
11 AND THINGS LIKE THAT. SO I WANTED TO GET INDUSTRY
12 INVOLVED TO HELP FIND FUNDS, BUT I WAS WAITING FOR
13 CALTRANS TO RESPOND BEFORE I DID THAT SO THAT THE
14 BALL WOULD BE IN OUR COURT. SO THAT'S WHERE IT
15 STANDS NOW.

16 THAT LAST SLIDE I HAD UP, THE NEXT
17 STEPS, STAFF PLANS TO WORK WITH CALTRANS TO TEST
18 ASPHALT SHINGLES IN ROAD PRODUCTS IF THEY
19 COOPERATE AND HELP FIND FUNDING. ALSO FOR
20 BATTELLE LABS, WHEN A PROJECT IS IDENTIFIED, THE
21 HOST STATE AGENCY AND BOARD STAFF WILL JOINTLY
22 APPLY FOR A GRANT FROM THE CALIFORNIA RESOURCES
23 AGENCY.

24 OKAY. ON TO OTHER. OTHER IS THE
25 CATEGORY FOR ANYTHING THAT DIDN'T FIT IN THE OTHER

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1 CATEGORIES. AND STAFF IS WRITING A GREEN BUILDING
2 MANUAL AT THE REQUEST OF THE CITY OF LOS ANGELES
3 FOR THE PLAYA VISTA DEVELOPMENT. THIS IS THE BUY
4 RECYCLE SECTION THAT IS TAKING THE LEAD ON THIS.
5 THIS WAS ALREADY MENTIONED EARLIER BY CAREN. THE
6 MANUAL IS GENERIC AND CAN BE USED FOR OTHER
7 DEVELOPMENT PROJECTS AS WELL, AND IT INCLUDES
8 GUIDELINES, RECYCLED PRODUCTS, SPECIFICATIONS, AND
9 WASTE PREVENTION TECHNIQUES.

10 ALSO STAFF ASSISTED IN DEVELOPING
11 C&D ACTION ITEMS FOR THE '96 MARKET DEVELOPMENT
12 PLAN.

13 NEXT STEPS. STAFF PLANS TO FORWARD
14 A COPY OF THE PLAYA VISTA GREEN BUILDING MANUAL TO
15 CAL/EPA WHEN THE MANUAL IS COMPLETE FOR THE NEW
16 CAL/EPA BUILDING THAT IS BEING PLANNED.

17 THAT CONCLUDES MY PORTION OF IT, AND
18 MARK FONG IS GOING TO GIVE US A LITTLE MINI
19 DEMONSTRATION OF OUR NEW WEB PAGE.

20 MEMBER CHESBRO: BEFORE YOU DO, LET ME
21 JUST SAY, WITH REGARDS TO THE CAL/EPA BUILDING,
22 AND I KNOW STAFF IS DOING THIS, SO THIS IS NOT
23 CRITICISM, BUT I JUST WANT TO ENCOURAGE

CONTINUING

24 TO PRESS FORWARD WITH THAT BECAUSE OUR EXPERIENCE

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25 WITH THIS BUILDING IS THAT THERE'S A CRUCIAL TIME

1 PERIOD WHERE GENERAL SERVICES IS MAKING ALL KINDS
2 OF DECISIONS. AND YOU CAN COME BACK LATER AND
3 SAY, "WELL, WE WANT TO CHANGE THIS OR THAT," AND
4 THEY'LL SAY, "NO, ALL DONE." AND WE EXPERIENCED
5 THAT VERY HEAVILY IN THIS BUILDING. AND I THINK
6 RIGHT NOW IS PROBABLY THE CRUCIAL TIME PERIOD IN
7 TERMS OF CONTRACTS AND DESIGN DECISIONS.

8 SO I WOULD JUST KEEP PUSHING.
9 CERTAINLY NOT ME, BUT IF BOARD MEMBER SUPPORT IN
10 TERMS OF TRYING TO HELP SURFACE IT AT CAL/EPA
11 WOULD BE NEEDED, I'D ENCOURAGE THOSE BOARD MEMBERS
12 THAT HAVE THE BEST ACCESS TO TRY TO PUSH IT
13 FORWARD BECAUSE I THINK IT'S A REAL OPPORTUNITY
14 THAT -- THEY'VE INFORMALLY OR VERBALLY SAID YES
15 TO, BUT I THINK WE'VE ALL EXPERIENCED THAT THE
16 STATE BUREAUCRACY, NOT NECESSARILY CAL/EPA,
17 PROBABLY MORE APT TO BE GENERAL SERVICES, JUST
18 DOESN'T CHANGE VERY EASILY. AND SO I THINK SOME
19 ACTIVISM MAY BE REQUIRED, AND I'D LIKE TO
20 ENCOURAGE STAFF TO CONTINUE TO PRESS FORWARD WITH
21 THAT.

22 MS. TRGOVCICH: THE ONE THING I'D JUST
23 LIKE TO SAY, AS I RESPONDED TO YOU IN THE
24 BRIEFING, WE CERTAINLY ARE DOING THAT. BUT IN
25 THIS CASE I THINK THAT IT'S LESS TO LAY AT THE

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1 FEET OF CAL/EPA AND MORE IN TERMS OF GENERAL
2 SERVICES AND BEING ABLE TO GET INTO THAT PROCESS,
3 HOW THE OFFICE OF REAL ESTATE AND DESIGN GETS INTO
4 THOSE BUILDINGS.

5 MEMBER CHESBRO: UNDERSTAND. BUT CAL/EPA
6 IS THE CLIENT, SO WE'RE A SORT OF A SUBCLIENT.
7 AND IT SEEMS TO ME THAT IT'S REAL IMPORTANT TO,
8 LIKE, TRY TO KEEP THEM WORKING WITH US IN TERMS OF
9 TRYING TO MOVE GENERAL SERVICES IN THE RIGHT
10 DIRECTION.

11 CHAIRMAN RELIS: I'M TOLD GENERAL
12 SERVICES HAS MADE A LEAP INTO THE NEWSPRINT AREA
13 IN THE LAST --

14 MS. TRGOVCICH: YES, THEY'RE PROCURING
15 RECYCLED-CONTENT NEWSPRINT FOR THE NEXT VOTER
16 PAMPHLET.

17 CHAIRMAN RELIS: AT A RAPID RATE AT A
18 HUNDRED PERCENT, I'M TOLD.

19 MEMBER CHESBRO: WE WERE AT A BUY
20 RECYCLING MEETING OVER IN WEST SACRAMENTO THAT
21 THERE WAS A GENTLEMAN FROM GENERAL SERVICES THERE
22 WHO INTRODUCED HIMSELF AS -- AND THERE WAS
23 INTERESTING GLANCES BETWEEN STAFF WHO WERE
24 THERE -- AS HAVING BEEN MOVED INTO A POSITION
25 SPECIFICALLY BECAUSE OF THE CONTROVERSY AROUND THE

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1 NEWSPRINT QUESTIONS, SO I THINK THEY HAVE FOCUSED
2 ON THAT ISSUE.

3 CHAIRMAN RELIS: WELL, DEMONSTRATION.

4 MR. FONG: GOOD MORNING. MY NAME IS MARK
5 FONG FROM THE SECONDARY MATERIALS TECHNOLOGY
6 SERVICES SECTION. I'M HERE TO JUST GIVE YOU A
7 BRIEF OVERVIEW OF THE NEW HOME PAGE I DESIGNED AND
8 DEVELOPED AND PUT ONTO THE BOARD'S WEB SITE IN THE
9 LAST MONTH OR SO, SO SHOW AND TELL TIME.

10 IT'S ACCESSIBLE THROUGH THE BOARD'S
11 WEB SITE THROUGH THE WASTE MANAGEMENT PROGRAMS.
12 AND UNDER HERE THERE'S VARIOUS TOPICS THAT THE
13 BOARD HAS FOR OTHER WEB SITES AND WHICH OURS IS
14 INCLUDED UNDER THE CONSTRUCTION DEMOLITION AND
15 RECYCLING HOT LINK. AND THIS IS THE MAIN PAGE
16 THAT MOST PEOPLE COME FROM WHICH THEY CAN SELECT
17 VARIOUS TOPICS OF INTEREST.

18 AND I'LL JUST GO THROUGH ONE BY ONE
19 REAL QUICK. WE'LL GO TO FACT SHEETS FIRST OF ALL.
20 THIS FACT SHEET PAGE BASICALLY GIVES FACT SHEETS
21 AVAILABLE THROUGH THE BOARD ON CONSTRUCTION AND
22 DEMOLITION WASTE RECYCLING AND BASICALLY HAS A
23 SYNOPSIS OF WHAT EACH ONE IS, SO IF THE PERSON
24 INTERESTED IN IT, THEY CAN ACTUALLY GO TO THE

HOT

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25 [LINK AND VIEW THE FACT SHEET.](#)

1 AND WE'LL JUST GO TO THE DRY WALL
2 RECYCLING AS AN EXAMPLE. HERE IS INFORMATION ON
3 BASICALLY DRY WALL RECYCLING, WHAT TO DO WITH IT,
4 WHERE TO TAKE IT, AND HAS VARIOUS COMPANIES'
5 ADDRESS AND GOOD INFORMATION.

6 I'LL JUST GO BACK NOW. AND I'LL
7 JUST SHOW YOU ANOTHER ONE ON CARPET. THIS
8 BASICALLY GIVES SOME INFORMATION ON CARPET
9 RECYCLING FOR ANYONE INTERESTED IN RECYCLING
10 CARPET.

11 AND I GUESS NEXT WE'LL GO TO A
12 PRESIDIO CASE STUDY, WHICH IS A CASE STUDY ON A
13 BASE CLOSURE BUILDING THAT WAS TAKEN DOWN BY HAND.
14 AND THE THING I WANT TO CONCENTRATE ON HERE IS
15 BASICALLY SITE VISITS, WHICH INCORPORATES HIGH
16 RESOLUTION PICTURES TO GIVE THE READER SOME
17 INSIGHT ON WHAT IT ACTUALLY LOOKED LIKE. AND
18 RIGHT HERE THEY GET BASICALLY A THUMBNAIL PICTURE
19 WHICH IS LOW RESOLUTION; AND IF THEY'RE
INTERESTED

20 IN SEEING IT IN A BIGGER PICTURE, THEY CAN ALWAYS
21 CLICK ON IT AND GET A HIGH RESOLUTION PICTURE TO
22 GET A CLOSER VIEW.

23 MEMBER CHESBRO: I WAS JUST TELLING PAUL
24 I'M GOING TO HAVE TO BUY A NEW MODEM, BUT I SURE
25 WISH MY INTERNET AT HOME WOULD HAPPEN AS QUICKLY

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1 AS THE WAY YOU MOVE THIS THING AROUND.

2 MR. FONG: AND NEXT WE'LL GO TO --

3 THERE'S TWO DATABASES WHICH ARE SEARCHABLE IN THE
4 WEB PAGE, AND THE FIRST ONE IS C&D RECYCLERS,
5 WHICH YOU CAN SELECT BASICALLY A COUNTY THAT
6 YOU'RE INTERESTED IN AND THE TYPE OF MATERIAL THAT
7 YOU'D LIKE TO GET RID OF, AND YOU BASICALLY SUBMIT
8 THE QUERY AND IT BRINGS UP WHATEVER COUNTIES AND
9 THE COMPANIES LOCATED WITHIN THAT COUNTY.

10 SO, FOR EXAMPLE, WE'LL GO TO CONTRA
11 COSTA COUNTY AND LOOK UP CONCRETE. AND IT
12 BASICALLY BRINGS UP FOUR COMPANIES TO WHICH AN
13 INDIVIDUAL CAN EITHER CONTACT THEIR COMPANY OR
14 CALL UP. SO IT'S AT THEIR FINGERTIPS VERSUS WE
15 USED TO MAIL IT OUT TO THEM, WHICH WOULD TAKE A
16 COUPLE OF DAYS IN THE MAIL. NOW THEY CAN ACCESS
17 IT ON-LINE.

18 AND THE NEXT SEARCHABLE DATABASE IS
19 RECYCLED-CONTENT BUILDING PRODUCTS DATABASE IN
20 WHICH IT PERTAIN TO MANUFACTURERS OF RECYCLED-
21 CONTENT BUILDING PRODUCTS. SO IF YOU WERE AN
22 ARCHITECT INTERESTED IN GETTING RECYCLED-CONTENT
23 BUILDING PRODUCTS, YOU CAN BASICALLY SEARCH WHAT
24 TYPE OF MATERIAL YOU WANT AND WHAT COUNTY, AND
IT

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25 WILL COME OUT WITH THOSE NAMES AND NUMBERS.

1 AND WE ALSO HAVE, LIKE ANY OTHER
2 HOME PAGE, A C&D RELATED LINK TO WHICH THERE ARE
3 SOME SITES I'VE BEEN TO THAT HAVE INTERESTING
4 INFORMATION, USEFUL INFORMATION THAT COULD BE
5 USEFUL TO OTHER PEOPLE. AND THAT SITE WOULD ALSO
6 GROW AND FIND NEW SITES.

7 AND THEN THE LAST PART OF THIS IS
8 STAFF CONTACTS LIST, WHICH IS BASICALLY CIWMB
9 STAFF INVOLVED IN CONSTRUCTION AND DEMOLITION
10 WASTE TOPICS. AND THEY BASICALLY CAN LOOK THROUGH
11 THEIR SUBJECT MATTER AND SAY, "SCOTT MCFARLAND,
12 I'M INTERESTED IN URBAN WOODWASTE." I CAN CLICK
13 ON HIS NAME, WHICH IS NOT SET UP RIGHT. ANYWAYS,
14 IT BRINGS UP HIS E-MAIL ADDRESS AND BOX, AND YOU
15 CAN SEND HIM AN E-MAIL AND HE CAN RESPOND BACK VIA
16 E-MAIL OR PHONE. THAT'S BASICALLY THE HOME PAGE.

17 CHAIRMAN RELIS: THAT'S GREAT. I THINK
18 THAT'S EXACTLY THE KIND OF -- WHEN WE TALK ABOUT
19 FACILITATION OR TECHNICAL ASSISTANCE, I DON'T KNOW
20 THAT IT CAN GET MORE PRACTICAL THAN THIS. I GUESS
21 NOW THE QUESTION IS WHO'S ON-LINE AND HOW DO WE
22 GET THIS SYSTEM FULLY ACTIVATED FROM THE STAND-
23 POINT OF A PARTNERSHIP WITH LOCAL GOVERNMENT.

24 MEMBER CHESBRO: WE HAD SIMILAR
25 PRESENTATIONS YESTERDAY ON CALMAX AND THE WRAP

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1 AWARDS PROGRAM, SO THE ACCESSIBILITY, AT LEAST TO
2 THOSE THAT ARE -- HAVE THE EQUIPMENT AND THE
3 KNOW-HOW, IS REALLY DRAMATICALLY EXPANDING HERE.

4 CHAIRMAN RELIS: I THINK AS THESE TOOLS
5 COME ON-LINE, I MEAN WE NEED TO FIND EVERY WAY
6 POSSIBLE TO GET THESE INTO THE ARCHITECT'S OFFICE
7 SO THAT THEY'RE ACCESSIBLE. LAST NIGHT I HAD
8 DINNER WITH THE STATE ARCHITECT, AND HE DESCRIBED
9 A PROJECT AT DEL MAR WHERE THEY DECONSTRUCTED, I
10 GUESS, AS PART OF EITHER A REMODEL OR I DON'T
KNOW

11 THE SPECIFICS. THEY LITERALLY RECOVERED LIKE 90
12 PERCENT OF THE MATERIAL, AND THEY HAD A
STRUCTURAL

13 ENGINEER WAS OPERATING THE CRANE, KNEW EXACTLY
14 WHICH BEAMS TO TAKE OUT AND WERE RECOVERABLE.

15 IT SOUNDED GREAT. AND I CAN
16 ENVISION JUST A GREAT DEAL OF INTERACTION
BETWEEN

17 THE DESIGN DEVELOPMENT COMMUNITY AND
PARTICULARLY

18 ALSO THE LOCAL GOVERNMENT PEOPLE WHO ARE
19 RESPONSIBLE FOR 939 TO BECOME CONVERSANT WITH
THIS

20 AND MAKE IT KNOWN THROUGH THEIR NETWORKS IN

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LOCAL

21 GOVERNMENT. SO THIS IS JUST GREAT.

22 MEMBER CHESBRO: THAT'S ANOTHER NEXT
STEP

23 IS HOW WE UTILIZE OTHER COMMUNICATION MEANS TO
LET

24 PEOPLE KNOW OF ITS EXISTENCE, YOU KNOW, THROUGH
25 PRINTING THE WEB PAGE ADDRESS ON ALL THE
NECESSARY

1 DOCUMENTS, WHERE THERE'S FUNDS AVAILABLE IN
2 ADVERTISING OR PARTNERSHIPS AVAILABLE IN
3 ADVERTISING. REMEMBERING, AND I ALWAYS -- THIS
4 KILLS ME BECAUSE I GO OUT TO GIVE A TALK, AND
5 SOMEBODY WILL ASK DURING THE QUESTION AND ANSWER
6 PERIOD WHAT'S THE ADDRESS. SO I'VE TAKEN TO
7 MAKING SURE I HAVE THAT WITH ME OR MENTION IT
8 BEFORE THEY ASK, BUT I THINK WE'VE GOT TO REALLY
9 WORK AT MAKING PEOPLE REALIZE HOW ACCESSIBLE WE
10 ARE BECOMING ELECTRONICALLY AND GET THE WORD OUT
11 THERE ON THE STREET.

12 MS. TRGOVCICH: CASEY, FOR THE NEW FACT
13 SHEETS THAT ARE COMING OUT, ARE WE PUTTING ON THE
14 FACT SHEETS THE BOARD'S WEB SITE LOCATION? IS
15 THAT KIND OF BECOMING STANDARD INFORMATION THAT'S
16 GOING IN?

17 MS. ROBB: I'VE BEEN DOING THAT ON MINE
18 AS THEY BECOME UPDATED. I ASSUME THE OTHERS ARE
19 TOO.

20 MS. TRGOVCICH: WE'LL CERTAINLY, YOU
21 KNOW, KIND OF CARRY THAT MESSAGE BACK TO
PUBLIC
22 AFFAIRS. I KNOW WE'RE TRYING TO DO OUR BEST
TO
23 GET THAT OUT.

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24 I'D LIKE TO POINT OUT JUST REAL
25 BRIEFLY THE RECYCLED-CONTENT PRODUCTS DATABASE

1 THAT'S UP THERE. YOU KNOW, THAT IS A DATABASE
2 THAT WE AS A DIVISION CHOSE WAS SUCH A HIGH
3 PRIORITY FOR US, THAT WE WOULD, YOU KNOW, TAKE
4 PART OF OUR BUDGET TO PURCHASE THAT DATABASE.
5 THAT IS NOT A DATABASE THAT WE ESTABLISH
6 OURSELVES. THAT'S A DATABASE THAT WE HAVE
7 PURCHASED AND MADE IT AVAILABLE. AND I DON'T
8 KNOW, MARK, DO YOU KNOW HOW MANY PEOPLE HAVE
9 ACCESSED THAT DATABASE?

10 MS. ROBB: CAN I CLARIFY THAT A LITTLE
11 BIT. WE ACTUALLY HAVE TWO PRODUCT DATABASES HERE
12 IN OUR DIVISION. THERE IS OFTEN CONFUSION BETWEEN
13 THE TWO.

14 THE ONE THAT'S UP HERE IS A
15 SEARCHABLE DATABASE. IN THE C&D PAGE IS ONE THAT
16 WAS STARTED SOME TIME AGO, AND IT'S BASICALLY A
17 LIST OF MANUFACTURERS WITH PRODUCT CATEGORIES.
18 THIS IS SOMETHING THAT WE OWN. WE -- I DEVELOPED
19 IT BASICALLY, AND I DON'T HAVE TO WORRY ABOUT
20 OTHER COMPANIES HAVING RIGHTS TO IT.

21 THEN WHEN RON WEBBER WAS DOING HIS
22 BIG DATABASE AND PURCHASED THE OTHER DATABASES
23 WITH THE CONTRACTS WITH THOSE COMPANIES, THERE
24 WAS
24 SOME OVERLAPPING, AND HE HAS THEORETICALLY TAKEN

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25 MINE AND MADE PART OF IT -- PUT IT INTO HIS.

1 THERE MAY BE STILL SOME MISSING PARTS OF THAT.

2 AND ONE REASON I DON'T REALLY WANT
3 TO GET RID OF OURS YET IS BECAUSE WE OWN IT. WE
4 CAN PRINT IT OUT. USUALLY WE PRINT IT OUT AND
5 IT'S VERY EASY TO MAIL. HE CAN'T MAIL HIS. IF
6 HIS WAS AS FLEXIBLE, AT LEAST ON HARD COPY, AS
7 OURS WAS, THEN I WOULD HAVE GIVEN UP OURS A LONG
8 TIME AGO. BUT IT'S A LITTLE BIT AWKWARD RIGHT
9 NOW, AND I'M NOT SURE HOW TO HANDLE THAT
10 ELECTRONICALLY, BUT RIGHT NOW THERE ARE TWO
11 SEARCHABLE DATABASES.

12 MS. TRGOVCICH: SO AS K.C VERY ACCURATELY
13 CLARIFIED, THIS IS A PART -- A SUBSET OF A LARGER
14 DATABASE, BUT I JUST WANTED TO POINT OUT THAT THE
15 LARGE RECYCLED-CONTENT PRODUCTS DATABASE IS
16 SOMETHING WE'VE MADE A DECISION AS A DIVISION THAT
17 IT'S WORTH PUTTING OUR DOLLARS BEHIND THAT TO BE
18 ABLE TO MAKE THAT ACCESSIBLE.

19 MEMBER CHESBRO: I GUESS THE OTHER THING
20 IS TO MAKE SURE THAT THE VARIOUS PROGRAMS ARE
21 CROSS FERTILIZING. I GUESS SINCE WE HAVE A HOME
22 PAGE, THAT'S THE PURPOSE OF IT IS THAT YOU GO
23 THROUGH -- IT GIVES YOU ALL THE OPTIONS. STILL I
24 THINK THAT THESE THINGS OVERLAP, FOR EXAMPLE,
25 CALMAX AND OTHER PROGRAMS WHERE PEOPLE ARE LOOKING

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1 FOR MATERIALS OR WANTING TO RECYCLE MATERIALS.
2 AND SO WE'VE GOT TO MAKE SURE THAT THESE ARE
3 ADEQUATELY INTEGRATED.

4 MS. TRGOVCICH: YOU KNOW, THE
5 ADMINISTRATION DIVISION JUST PUT OUT A REALLY NICE
6 ONE-PAGE SUMMARY OF ALL THE DATABASES THAT WE
7 CURRENTLY HAVE ON-LINE. IT WOULD PROBABLY BE VERY
8 VALUABLE TO EVEN JUST SET THAT UP AS A FACT SHEET
9 OR TO ATTACH IT TO SOME OF THE MAILINGS, SUCH AS
10 WHEN WE SEND OUT THE INFOCYCLING NEWSLETTER, OR
11 THE UPCOMING EDITION OF THE RMDZ NEWSLETTER, IT
12 MAY BE A VALUABLE ATTACHMENT TO THAT. I THINK
13 THERE'S A LISTING IF LIKE TEN OR TWELVE DATABASES
14 THAT ARE CURRENTLY ON-LINE RIGHT NOW.

15 MS. ROBB: AND WE DO HAVE A LINK ALSO TO
16 THE BIGGER DATABASE FROM OUR WEB.

17 MR. FONG: I JUST HAVE ONE LAST COMMENT.
18 I'D LIKE TO THANK THE INFORMATION MANAGEMENT
19 BRANCH FOR GIVING ME ALL TOOLS I NEEDED TO DO THE
20 WEB DEVELOPMENT, AND IN PARTICULAR CHRIS ALLEN.
21 THANK YOU.

22 MS. ROBB: SCOTT MCFARLAND WILL BE UP NOW
23 TO SHOW SOME PHOTOGRAPHS.

24 MR. MCFARLAND: GOOD MORNING. ACTUALLY
25 GOOD AFTERNOON. I'M SCOTT MCFARLAND. I'M PART OF

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1 A NEWLY FORMED SECTION, AND THE NAME SOMEWHAT
2 ALLUDES ME, SECONDARY MATERIALS TECHNOLOGY, MAYBE,
3 SERVICES SECTION. IT'S SO NEW, THE NAME IS STILL
4 UP FOR DEBATE.

5 MS. TRGOVCICH: MAYBE, SCOTT, I'M GOING
6 TO JUMP IN HERE BECAUSE I SAID I WAS GOING TO DO
7 THIS AND I DIDN'T. WE'VE RECENTLY MADE AN
8 ORGANIZATIONAL CHANGE WITHIN THE DIVISION, AND
9 WHAT WE'VE DONE IS CONSOLIDATED OUR C&D PROGRAMS
10 AND THOSE PROGRAMS THAT ARE FUNCTIONALLY RELATED
11 INTO A SINGLE SECTION. AND THOSE ARE NOW HOUSED
12 UNDER MARTHA GILDART'S BRANCH. SO WE'RE LOOKING
13 AT BOTH COST SAVINGS AS WELL AS FUNCTIONAL
14 COMPATIBILITY THERE AS WELL.

15 CHAIRMAN RELIS: AS I'VE TOLD MARTHA
16 RECENTLY, SHE INCREASINGLY HAS THE CALIFORNIA
17 INFRASTRUCTURE IN HER HANDS WITH LEVEES MADE OF
18 CRUMB RUBBER, HIGHWAYS AND ROADS, AND NOW
19 BUILDINGS.

20 MR. MCFARLAND: GOOD AFTERNOON.

I'LL TRY

21 TO MAKE THIS QUICK, AS I KNOW WE'RE
APPROACHING

22 LUNCH. MINE ISN'T AS SLICK AS THAT, BUT I
BROUGHT

23 PICTURES. GOT TO DEAL WITH THAT.

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24 SIX MONTHS AGO WE GAVE YOU AN
25 UPDATE; AND AS MARK AND CASEY ALLUDED TO, WE
DID A

1 CASE STUDY ON DECONSTRUCTION OF A BUILDING AT
2 PRESIDIO. WE'VE GOT TWO OTHER PROJECTS WE'RE
3 DOCUMENTING RIGHT NOW ON THE BASE CLOSURES.

4 INTERESTINGLY ENOUGH, IT'S DONE BY
5 THE SAME GROUP, CRIMINALS BEYOND WASTE. THEY SEEM
6 TO BE SOME OF THE MORE EXPERIENCED ONES HERE IN
7 NORTHERN CALIFORNIA AND THEY'RE INVOLVED IN A LOT
8 OF THESE.

9 THE TWO PROJECTS ARE IN STARK
10 CONTRAST WITH EACH OTHER, BUT THEY BOTH HAVE
11 LESSONS TO BE LEARNED. THIS FIRST PICTURE I PUT
12 UP HERE IS ONE OF THE BUILDINGS AT THE OAK KNOLL
13 NAVAL HOSPITAL. THIS IS BUILDING 73. IT WAS
14 BUILT IN ABOUT 1943 AND IT'S 21,000 SQUARE FEET.
15 THE DECONSTRUCTION IS SORT OF A JOINT PROJECT
16 BETWEEN THE BEYOND WASTE CREW, WHO ARE THE
17 DECONSTRUCTION FOLKS, AND MESHATTO BROTHERS
18 (PHONETIC) DEMOLITION, DEMOLITION CREW.

19 AND THEY ALSO ARE TRAINING SOME
20 INDIVIDUALS FROM THE YOUTH EMPLOYMENT PARTNERSHIP.
21 THAT IS A PARTNERSHIP THAT TRAINS OAKLAND'S
22 ECONOMICALLY DISADVANTAGED YOUTHS IN VARIOUS JOB
23 SKILLS. THIS WOULD BE DECONSTRUCTION. THEY'RE
24 ALSO INVOLVED IN THE SECOND PROJECT I'M GOING
TO
25 TALK ABOUT IN A MINUTE.

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1 SO WE WANT TO FOLLOW THIS THROUGH
2 BECAUSE IT WAS SORT OF AN INTERACTION BETWEEN A
3 DEMOLITION CREW AND A DECONSTRUCTION CREW. WE
4 WANTED TO SEE HOW IT WENT, AND WE HAD SOME HIGH
5 HOPES. SEE HOW THAT TURNED OUT IN A MINUTE.

6 CHAIRMAN RELIS: SOUND LIKE A NEWSCASTER,
7 YOU KNOW, THE QUESTION AND WE DON'T KNOW WHAT IT'S
8 GOING TO BE.

9 MR. MCFARLAND: WELL, THIS WAS GOING TO
10 BE OUR PREMIERE CASE STUDY. AND AS IT TURNS OUT,
11 SOMETIMES YOU LEARN MORE THAN ACTUALLY, BUT YOU'LL
12 SEE IN A MOMENT.

13 AFTER THE FIRST DAY, THEY PULLED OUT
14 MOST OF THE DOORS AND THE WINDOWS. THESE WINDOWS
15 ARE HOT ITEMS. THEY WERE BOUGHT UP ALMOST
16 IMMEDIATELY BY A CABINET MAKER. HE'S USING THEM
17 AS DOORS FOR ANTIQUE-STYLE CABINETS, AND THEY'RE
18 QUITE POPULAR APPARENTLY, SO HE BOUGHT UP THE VAST
19 MAJORITY AT SOMETHING LIKE FIVE BUCKS A POP. I
20 FORGOT WHAT IT AMOUNTED TO. BUT THAT WAS ABOUT
21 ONE DAY THEY PULLED THEM ALL OUT. THEY WERE
22 MOVING PRETTY QUICKLY AT THIS POINT.

23 AND THE NEXT DAY, THIS ISN'T A VERY
24 GOOD PICTURE. MY PHOTOGRAPHIC SKILLS REALLY HAVE
25 SOMETHING TO BE DESIRED. BUT THEY BROKE OUT MOST

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1 OF THE SHEETROCK, VERY LABORIOUS TASK, AND THEN
2 THEY PROCEEDED TO TRY TO REMOVE THE OUTSIDE
3 SIDING, WHICH IS REDWOOD, AND THEY FOUND OUT THE
4 ONLY WAY TO DO IT WITHOUT BUSTING IT UP WAS TO GET
5 BEHIND THE STUDS WITH SAWSALLS AND CUT ALL THE
6 NAILS. THAT'S WHAT THIS GUY IS DOING HERE. VERY
7 SLOW, EXPENSIVE, TEDIOUS.

8 THERE WERE TWO OR THREE EIGHT-PENNY
9 GALVANIZED NAILS PER BOARD ON EACH STUD, SO IT
10 REALLY TURNED OUT TO BE VERY SLOW. IT'S NOT WHAT
11 THEY ANTICIPATED AT ALL.

12 I RETURNED ABOUT THE SECOND WEEK OF
13 THE PROJECT AND SAW THIS. WHAT HAPPENED WAS
14 MESHATTO BROTHERS CAME IN WITH A BOBCAT, SMALL
15 FRONT END LOADER, AND PROCEEDED TO KNOCK DOWN
16 MOST

17 OF THE INTERIOR WALLS. THEIR LOGIC WAS IF THEY
18 CLEARED IT OUT, IT WOULD MAKE IT EASY FOR THE
19 DECONSTRUCTION CREWS TO PEEL THE EXTERIOR SIDING.
20 IN FACT, WHAT THEY DID WAS MAKE A MESS, AND THEY
21 REDUCED THE STRUCTURAL INTEGRITY OF THE BUILDING,
22 SO IT GOT KIND OF SCARY WALKING AROUND IN THERE.

23 MEMBER CHESBRO: AND THE LESSON IS?

MR. MCFARLAND: WELL, THAT WAS ONE OF
THE

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24 LESSONS LEARNED.

25 MEMBER CHESBRO: KEEP AN EYE ON THE

1 DEMOLITION CREW.

2 MR. MCFARLAND: YEAH. THEY MIGHT HAVE
3 HAD THEIR OWN PLANS THERE. SO THEY'RE TAKING OFF
4 THE SIDING. THEY'RE CONTINUING TO DO AT THIS
5 POINT. IT'S MOVING ALONG VERY SLOWLY.

6 ON THE BOTTOM OF THE PICTURE, THIS
7 GUY STILL HAS TO PULL THE NAIL HEADS OFF OF THE
8 REDWOOD SIDING. THEY DIDN'T RECOVER ALL OF IT,
9 JUST PART OF IT. BUT THEY WERE ABLE TO SELL ABOUT
10 3,000 BOARD FEET TO THE CITY OF SEBASTOPOL. IT'S
11 ON THE OUTSIDE OF THEIR CHAMBER OF COMMERCE
12 BUILDING. SO THAT WAS KIND OF NEAT.

13 YOU CAN'T QUITE MAKE IT OUT HERE,
14 MAYBE, BUT THE OPENING BENEATH, THAT'S ALL BELOW
15 THE FLOOR. THAT'S ALL THE STRUCTURAL SUPPORTS,
16 AND THOSE HAD LARGE TIMBERS. AND THEY WERE HOPING
17 TO -- THAT WOULD HELP THE JOB PAY OFF ONCE THEY
18 GOT THE LARGE TIMBERS OUT AND SOLD THOSE.

19 UNFORTUNATELY, WHEN THEY PULLED UP THE CARPETING,
20 THESE TILES WERE EXPOSED, WHICH CONTAIN ASBESTOS.
21 AT THIS POINT ALL WORK CEASED. AND IT'S PRETTY
22 MUCH AT THAT STAGE NOW. THEY'RE WAITING FOR THE
23 GOVERNMENT CONTRACTORS, AS PART OF THE CONTRACT,
24 TO REMOVE ALL ASBESTOS. SO RIGHT NOW IT'S AT

THE

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25 FLOOR LEVEL, AND THE JOB KIND OF LOOKS LIKE THIS

1 RIGHT NOW.

2 MOST OF THAT'S GOING TO THE
3 LANDFILL. DOESN'T LOOK LIKE A GREAT SUCCESS
4 STORY. THEY DIDN'T HAVE HIGH RECOVERY RATE, BUT
5 THERE'S THINGS TO BE LEARNED. THEY FOUND OUT
6 CERTAIN THINGS COULD NOT BE RECOVERED, LIKE THE
7 ROOFING MATERIAL. THERE WERE SEVEN OR EIGHT
8 LAYERS OF 90 WEIGHT ASPHALT -- 90 POUND ASPHALT
9 TILE ON IT THAT JUST MADE IT NOT ECONOMICAL TO
10 PULL OFF.

11 COUPLE THINGS TO LEARN. WASTE IS
12 SOMETIMES GENERATED. YOU CAN'T ALWAYS RECOVER IT.
13 IT'S JUST NOT ECONOMICAL. AND MAYBE WE HAVE TO
14 LOOK AT BUILDING TECHNIQUES WITH AN EYE ON
15 DISASSEMBLY IN THE FUTURE, AND IT MAY BE AS
16 IMPORTANT AS THE DECONSTRUCTION TECHNIQUES
17 THEMSELVES.

18 SO I DON'T LEAVE YOU ON THIS BAD
19 NOTE, I FIGURED I'D FINISH OFF WITH THIS OTHER
20 CASE STUDY. THIS BUILDING RIGHT HERE IS
WAREHOUSE

21 733. IT IS AT THE PORT OF OAKLAND'S NAVAL
SUPPLY

22 CENTER. THE DIMENSION OF THAT SITE IS ABOUT
200

23 FEET ACROSS. THE BUILDING IS ABOUT 600 FEET

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LONG.

24 IT'S HUGE. IT'S DIVIDED INTO THREE ROOMS
25 APPROXIMATELY ONE ACRE APIECE. THAT'S ONE OF
THE

1 ROOMS. THERE'S ABOUT 35 OTHER WAREHOUSES JUST
2 LIKE IT. THEY WERE BUILT IN 1941, AND THEY'RE
3 EVENTUALLY ALL GOING TO COME DOWN.

4 THIS PARTICULAR BUILDING WAS ONLY
5 FOUR DAYS AWAY FROM BEING BULLDOZED WHEN A DEAL
6 WAS STRUCK. THEY REDIRECTED ABOUT \$325,000
7 TOWARDS DECONSTRUCTION RATHER THAN BULLDOZING. SO
8 THAT WAS PRETTY COOL. REALLY HAPPY ABOUT THAT.

9 SO THEY MOVED FORWARD ON THE
10 DECONSTRUCTION. THEY'RE ALSO TRAINING THOSE KIDS
11 FROM THE YOUTH WORKS ON THIS ONE. AND THIS IS
12 WITH THE SIDING REMOVED. THAT WAS ALSO ASBESTOS
13 LADEN. THEY HAD TO HAVE THE GOVERNMENT
14 CONTRACTORS COME IN AND PULL THAT OUT. THIS
15 REVEALED DOUG FIR CONSTRUCTION.

16 INTERESTINGLY, THERE'S NO LARGE
17 TIMBERS HERE. IT'S MAINLY STUD CONSTRUCTION.
18 YOU'D THINK IN 1941 THEY'D USE TIMBERS, BUT A LOT
19 OF THEM WERE LAMINATED.

20 THIS SHOWS A KIND OF NEAT THING THAT
21 THE CREW WAS REAL SURPRISED ABOUT. THIS IS ONE OF
22 THE INTERIOR WALLS THAT'S COVERED WITH A CEMENT-
23 LIKE MATERIAL. ONCE THEY PULLED IT OFF, IT
24 REVEALED THE WHOLE THING WAS MADE OUT OF OLD
25 GROWTH REDWOOD, SO THAT'S GOING TO DEFINITELY HELP

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1 THE BOTTOM LINE OF THE PROJECT. NOBODY HAD ANY
2 IDEA. SO THERE'S TWO INTERIOR WALLS LIKE THAT PER
3 SIDE. TO GIVE YOU A SCALE, THAT DOORWAY IS ABOUT
4 20 FEET HIGH, SO THERE'S A LOT OF REDWOOD IN
5 THERE.

6 CHAIRMAN RELIS: WHAT ARE THOSE SIZE?

7 MR. MCFARLAND: THAT DIMENSION, I THINK
8 ABOUT ONE BY EIGHTS, THOSE BOARDS. I HAVE TO
9 CHECK THAT, OF COURSE.

10 SOMETHING ELSE CAME UP THAT WASN'T
11 ANTICIPATED. THESE ARE THE TRUSSES TO THE ROOF.
12 AND THEY ARE TRYING TO SELL THEM AS WHOLE UNITS.
13 THEY'RE HUGE. AS YOU MIGHT EXPECT, THEY'RE
14 GETTING VERY FEW TAKERS AT THIS TIME. AND THE
15 REASON THEY'RE NOT PULLING THEM APART, IT'S VERY
16 DIFFICULT TO MAKE OUT IN THIS PICTURE, BUT BEYOND
17 THE NUTS AND BOLTS, THERE'S A TON OF HUGE NAILS
18 EVERY FEW INCHES IN THERE, AND IT'S JUST TOO MUCH
19 LABOR TO TRY TO PULL THEM APART. SO THEY'RE KIND
20 OF SITTING THERE RIGHT NOW. THEY'RE NOT SURE WHAT
21 THEY'RE GOING TO DO WITH THOSE. IN THE BEGINNING
22 YOU SEE ALL THAT WOOD STRUCTURE, YOU ASSUME IT'S
23 ALL EASY TO SELL.

24 SO AS IT STANDS WITH THIS PROJECT,
25 IN THE BEGINNING OF JANUARY, THEY HAD AN OPEN

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1 HOUSE, INVITED A LOT OF INTERESTED PARTIES TO
2 PURCHASE WOOD. AT THE TIME THEY HAD ABOUT 400,000
3 BOARD FEET RECOVERED AND THEY SOLD MOST OF THAT.
4 THEY ANTICIPATE ABOUT 750,000 BOARD FEET TO COME
5 OUT OF THIS ONE BUILDING. AND, OF COURSE, THERE
6 MIGHT BE SOME MORE OF THAT IN THE 35 OTHER
7 WAREHOUSES.

8 SO BEYOND REDIRECTING ALL THIS WOOD
9 THAT MIGHT HAVE GONE TO THE LANDFILL, THEY ARE
10 PUTTING THIS OLD GROWTH WOOD BACK INTO THE
11 CONSTRUCTION INDUSTRY, AND THEY'RE TRAINING A
12 BUNCH OF YOUNG FOLKS FOR FUTURE PROJECTS. SO THIS
13 ONE WAS A REAL WIN-WIN SITUATION. THAT'S WHY I
14 FINISHED OFF WITH IT. AND THAT ABOUT COVERS THOSE
15 TWO CASE STUDIES. WE MAY HAVE SOME OTHERS ON BASE
16 CLOSURE. THEY SORT OF COME UP AS THEY DO AND WE
17 TRY TO CAPTURE THEM.

18 CHAIRMAN RELIS: THANK YOU.

19 MEMBER CHESBRO: DID THE MESHATTO
20 BROTHERS -- WAS THAT WHAT THEIR NAME WAS?

21 MR. MCFARLAND: MESHATTO BROTHERS.

22 MEMBER CHESBRO: DID THEY LEARN
ANYTHING?

23 MR. MCFARLAND: THEY LEARNED IF THEY CAN
24 KNOCK IT BEFORE THE DECONSTRUCTION CREW GET TO
25 IT --

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1 MEMBER CHESBRO: ONE OF THE STORIES I'VE
2 HEARD IS THAT SOME OF THE DEMOLITION CREWS, WHEN
3 THEY'VE SEEN WHAT THE DECONSTRUCTION PEOPLE ARE
4 DOING AND FIGURED OUT THE DISPOSAL COST, HAVE
5 ACTUALLY BEGUN TO BECOME EDUCATED ABOUT THEIR
6 OTHER ALTERNATIVES. I KNOW AT THE PRESIDIO THAT
7 WAS ONE OF THE STORIES THAT WAS CIRCULATED WAS
8 THAT THE DEMOLITION CONTRACTOR HAS SINCE BECOME
9 INVOLVED IN DECONSTRUCTION BECAUSE OF WHAT THEY
10 SAW HAPPENING THERE.

11 MR. MCFARLAND: TRUE. THEIR BID CAME IN
12 WAY BELOW ANYBODY ELSE'S, AND THEY'RE MOVING REAL
13 QUICK ON THAT. I WAS EXCITED TO SEE HOW THEY WORK
14 TOGETHER, AND APPARENTLY IT DIDN'T WORK OUT AS
15 WELL WE HAD HOPED, BUT YOU LEARN SOMETHING WITH
16 EACH ONE OF THESE. THAT ABOUT COVERS IT.
17 ANYTHING ELSE? THANK YOU.

18 MS. TRGOVCICH: THAT CONCLUDES THE UPDATE
19 AND PRESENTATION OF THE ITEMS. WE WILL BE BACK
BEFORE YOU WITH ANOTHER C&D UPDATE IN ABOUT SIX
MONTHS.

 CHAIRMAN RELIS: I WANT TO THANK STAFF
FOR SOME EXCELLENT WORK TODAY. WE HAD A LOT OF
DETAIL ON THE LOAN BUSINESS, KIND OF HAVE TO JUST
SLOG THROUGH THAT.

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AND THEN WITH THE C&D GROUP, I THINK
YOU'VE ALWAYS DONE OUTSTANDING WORK, AND THIS IS
JUST MORE OF AN INDICATION OF THAT. WE'RE
COUNTING A LOT ON YOU FOR OUR DIVERSION EFFORT
BECAUSE AS YOU REPRESENT, WHAT, CLOSE TO 30
PERCENT OF THE POTENTIAL WE HAVE ON 939. SO LET'S
JUST KEEP GOING.

ANY COMMENTS?

MEMBER CHESBRO: ONLY THAT I AGREE WITH
WHAT YOU SAID.

CHAIRMAN RELIS: THAT CONCLUDES OUR
MEETING. WE ARE ADJOURNED.

(THE MEETING WAS THEN ADJOURNED AT
12:15 P.M.)

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